

UNIVERSITY BUDGET COMMITTEE
MINUTES OF APRIL 16, 2015 MEETING

I. Time, Location and Attendance:

- 3:00PM, Plaza Room at Administrative Center
- UBC regular members present: Wayne Vaught (Interim Chair), Curt Crespino, Lyla Lindholm, Tony Luppino, Russ Melchert, Kevin Sansberry, Susan Sykes-Berry, Mel Tyler and (for part of meeting) Peggy Ward-Smith. Absent: Dave Donnelly and Marsha Pyle.
- UBC *ex-officio* members present: Larry Bunce, Sharon Lindenbaum, John Morrissey, Karen Wilkerson.
- Others present: Chancellor Leo Morton, Cindy Pemberton, and Buddy Pennington.

II. Preliminary Administrative Matters

- The minutes of the April 2, 2015 Committee meeting, in the form last circulated before the meeting, were approved.

III. Review of FY 2016 Budget Model Run/Items for Further Consideration

- UBC Secretary Luppino reviewed the role of the Budget Model as a management tool that the Chancellor's plan for FY 2016 General Revenue Allocations takes into account before the Chancellor's strategic adjustments are made. The Chancellor agreed that that the Budget Model is to continue as a key tool in his making of GRA apportionment decisions, with the differences between what the Model would alone produce and the results after applying the strategic adjustments to continue to be shown year-by-year.
- UBC Secretary Luppino then reminded the Committee that when the Chancellor's FY 2016 GRA apportionment plan was presented at the April 2, 2015 Committee meeting the underlying preliminary Budget Model run for FY 2016 that was taken into account in the Central Administration's development of the plan the Chancellor adopted had not yet been given to the Committee for review. Moreover, from questions asked at the April 2 meeting it became apparent that in that preliminary run: (i) some additions to the off-the-top of the State Appropriation special allocations ("Special State Money Allocations") not previously discussed with the Committee had been made; and (ii) only one of the possible changes to the location of some items within the General Overhead Assessment sharing metrics which the Budget

Model Review Subcommittee had recommended be considered had been made.

- UBC Secretary Luppino had accordingly requested that the Central Administration bring the preliminary FY 2016 Budget Model run to the Committee meeting and walk through its components, which was done. The Committee was generally supportive of the strategic additions to the Special State Money Allocations, but with some concerns expressed, and generally supported reconsideration of the issues raised by the Budget Model Review Subcommittee regarding some specific items within the General Overhead Assessment. Related discussions led to the Chancellor and Vice Chancellor Lindenbaum agreeing to further consider and then report back to the Committee on the following:
 - *Re: Special State Money Allocations:*
 - Whether the \$100,000 Global Grading item should be eliminated from the list of Special State Money Allocations. The argument supporting that elimination is that an off-the-top of State money allocation mismatches the expense burden of those staff raises with the units that utilize the services of the staff—in other words, the percentages in which the 11 principal academic units would share the State money but for that special allocation are different than the relative percentages of applicable staff the academic units have. Thus, it was suggested that it would be more in accordance with core principles of the Budget Model to (i) just have each academic unit deal with the Global Grading raises for its staff from its own budget without this off-the-top funding; and (ii) if Central administrative/support units really cannot afford the Global Grading raises within their own budgets without taking more General Revenues from the academic units for that, it would be more appropriate (better “matching”) to make additions in the General Overhead Assessment (which charges academic units based on utilization of Central support to the extent reasonable possible) than to use an off-the-top of State money special allocation.
 - Since a substantial part of the overall increase in the Special State Money Allocations is attributable to matching of System-level funding of strategic initiatives, there should be enhanced, widespread disclosure of how units can make requests from such strategic funding and what standards will generally be applied in determining which units receive such funding.

- **Re: General Overhead Assessment:** The Budget Model Review Subcommittee recommendations on pages 16-18 of its Report & Recommendation shall be studied further. As explained more fully on those pages, this includes considering whether:
 - The Miller Nichols “Robot” construction debt service expense should be moved from the “Total Current Funds Expenditures” sharing metric to the sharing metric (Faculty/Student headcount) used for University Libraries.
 - The Miller Nichols Library new (large) classrooms debt service item should be apportioned in accordance with the usage of the classrooms based on available data. This approach was taken in the FY 2016 preliminary Budget Model Run, but questions have been raised as to whether there is enough track record of usage data, and whether this approach might incentivize units to avoid using the large classrooms. Going the other direction, it was pointed out that the construction of the large classrooms was in response to complaints that they were lacking, and that the guiding principle of the General Overhead Assessment is to charge costs to users when reasonable measures of usage can be applied.
 - System IT Chargeback can be moved to a better usage-based metric than the “default rule” of Total Current Funds Expenditures (which was only to be used if reasonable measures of usage could not be identified and reasonably applied).
 - As Vice Chancellor Fritts has recommended, restore the charging of IT/IS to the handling of it before the April, 2013 changes in General Overhead Assessment sharing metrics— i.e., because she feels the original metric (combined faculty-student-staff headcount) is a better measure of usage than the physical space-based approach adopted in the April, 2013 changes.
 - The Athletics Investment item might be moved from the Total Current Funds Expenditures metric to the metric used for Athletics scholarships (Faculty/Student Headcount).