

## **YSU Budget Advisory Council**

Agenda – October 3, 2017

2:00 p.m. – Kilcawley Center, Pollock Room

Members in attendance: Dr. Tomi Ovaska, Eddie Howard, Lisa Mudryk, Dr. Ken Learman, Rayann Atway, Ernie Barkett, Dr. Martin Abraham, Ted Roberts, Dr. Charles Howell, Elaine Jacobs, Len Schiavone (by phone) , Neal McNally.

Members absent: Dr. Jeffrey Coldren, Carly Devenburgh, Connie Augustine-Thompson, Dr. Thomas Wakefield, Dr. Jeff Tyus, Dr. Bruce Keillor, Amy Gordon.

1. The meeting convened at 2:05 p.m. The minutes from the 7/17/17 meeting, which had been distributed prior to today's meeting, were accepted as final without changes. Neal McNally welcomed Trustee Ted Roberts to the Council. As the new chairman of the Trustees Finance & Facilities Committee, Mr. Roberts has assumed a seat on the Council.
2. The Council reviewed a document summarizing the University's financial operating performance for the prior fiscal year 2017, which ended on June 30, 2017. The University ended FY 2017 with a positive operating balance in each of its budgeted funds, including an ending general fund balance of approximately \$1.4 million. Based on an analysis of revenue and expenses, the positive ending balance is attributable to a number of factors, including: an increase in non-mandatory fee revenue and, to a greater extent, an increase in investment earnings. Spending reductions also helped contribute to the year-end balance, as the University experienced lower expenses in the categories of employee fringe benefits, general operations, and utilities. On August 6<sup>th</sup>, the YSU Board of Trustees approved transferring the balances of the year-end funds to appropriate carry-forward funds. The general fund dollars were transferred to a Strategic Investment Reserve; the fee-based funds were transferred to designated carry-forward funds to ensure that the dollars are used in a manner consistent with the purpose of fees assessed; and the auxiliary funds were transferred into separate plant funds that are generally used for repairs and maintenance in auxiliary facilities, such as Kilcawley Center, the Andrews Rec Center, and campus parking garages/lots. Rayann Atway asked about the source of the \$11 million transfer for Intercollegiate Athletics, which is shown on the document. Neal McNally responded that these funds are sourced from the general fee paid by students as part of their tuition bill; these dollars are transferred from the University's general fund budget to the Athletics budget to subsidize the costs associated with operating the University's Div. 1 athletic program. It was further noted that this level of subsidy is in line with athletic programs at other

universities, as relatively few college athletic programs generate revenue sufficient to stand on their own (e.g., Ohio State).

With regard to the Strategic Investment funds, the Council discussed ways to receive proposals and make recommendations for how to allocate these dollars, which would have the added benefit of fostering enhanced shared governance on campus. It was noted that all of the carry-forward funds should be regarded as one-time dollars. Therefore, proposals for utilizing these funds should also be one-time investments. Spending proposals that are ongoing and which will recur in more than one fiscal year should be regarded as *base* and would need additional consideration and possibly incorporated into the University's annual operating budget. Dean Howell suggested that strategic investment funds could function as startup funding for revenue-generating programs that could self-fund ongoing expenses in subsequent fiscal years. This would be a move toward a responsibility-centered budget model whereby departmental and college spending budgets correspond closely to the revenue generated by those same areas. A campus-wide call for proposals will be drafted and shared with the Council for review and consideration.

3. Neal McNally provided an update on the current year FY 2018 budget. While the FY 2018 budget is largely based on full-time equivalent (FTE) enrollment growth of 2%, actual FTE enrollments increased by just 0.4% this fall. Consequently, a revenue shortfall of \$1.5 million is projected. Elaine Jacobs expressed concerns over the University's overly optimistic enrollment projections and suggested that enrollments be forecasted more conservatively to mitigate the need for mid-year spending reductions. Dr. Howell noted that conservative enrollment forecasting could require deep and potentially premature spending reductions that would be a death spiral for some departments and programs.

And while not yet ratified, the OEA faculty bargaining agreement is expected to add costs in FY 2018 above and beyond what the University has budgeted for. Accordingly, the Budget Office is working collaboratively with the Academic Budget Office to determine how much of year 1 OEA Faculty contract costs can be absorbed with existing budgeted funds. It is expected that some level of mid-year budget reductions will be needed to ensure that budgeted expenses are aligned with the revised revenue estimates resulting from enrollments not having met budgeted levels.

Interestingly, the projected general fund revenue shortfall this fiscal year is approximately equal to the year-end general fund balance from last fiscal year. Therefore, a potential use of the one-time Strategic Investment funds would be to hedge against the FY 2018 revenue shortfall. While this isn't particularly exciting, it would

nonetheless be a fiscally responsible use of those funds, which would have the added benefit of avoiding the need to make mid-year budget reductions this fiscal year.

4. A draft of YSU's Tuition Guarantee Plan (TGP) is almost ready for review. Another campus committee is working on this plan, which must be approved by both the Chancellor of the Ohio Department of Higher Education, as well as the YSU Board of Trustees. YSU intends to submit a draft plan to the Chancellor for review in October; then a final plan will be presented to the YSU Board of Trustees for approval in December, and thereafter submitted to the Chancellor for final approval.

The benefits of a TGP are two-fold: generate additional tuition revenue by raising tuition by 6% for the incoming cohort class; and providing tuition cost predictability and stability for YSU's consumers, namely students and their families. The Chancellor's office has advised that it will view favorably plans that simplify the tuition bill by consolidating as many miscellaneous fees as possible. Provost Abraham asked the Council for its feedback as to whether YSU should roll some miscellaneous fees (e.g., course, college and program fees) into a level-rate tuition charge. It was noted this type of fee consolidation would require a new method by which to allocate funds to departments and colleges. YSU's current fee structure makes allocating these resources fairly simple and transparent.

From the students' perspective, Rayann Atway and Ernie Barkett said they did not favor the notion of students being under- or over-charged for their program or major. Rather, they would prefer that the cost differential that exists for different programs and majors be reflected in their tuition bills. If an engineering program, for example, costs more to operate than history, an engineering student's tuition bill should be greater than a history major's. Ken Learman noted that some programs now incorporate textbook fees that would need to be taken into consideration. Despite these issues, the Council seemed to agree that a simplified tuition bill that consolidates some but not all misc. fees is a desirable outcome and would serve as an impactful marketing and recruitment tool vis-à-vis the University's ability to attract prospective students.

5. For a future discussion item, Ken Learman suggested that the Council review the effects of changes made this year to the number of and funding for graduate assistantship positions. The meeting adjourned at approximately 3:15 p.m.