

YSU Budget Advisory Council

Meeting minutes – September 21, 2018

9:00 a.m. – Tod Hall, Manchester Room

Members in attendance: Dr. Joe Mosca, Dr. Charles Howell, Dr. Jeffrey Coldren, Carly Devenburgh, Lisa Mudryk, Mr. Eddie Howard, Dr. Thomas Wakefield, Elaine Jacobs, Caroline Smith, Neal McNally.

Members absent: Dr. Tomi Ovaska, Dr. Bruce Keillor, Dr. John Jakubek, Ernie Barkett, Dr. Jeff Tyus, Dr. Gregg Sturrus.

1. The meeting convened at 9:00 a.m. Caroline Smith, Student Government Executive Vice President, was welcomed as the newest member of the Council in attendance. The group briefly reviewed the Council's charge: "The Budget Advisory Council helps shape the University's priorities and achieve the goals outlined in the YSU 2020 Strategic Plan. The Council serves in an advisory capacity to the President regarding budget issues and funding priorities. Council members represent the entire campus community, and communicate to and provide feedback from their various constituent groups."

Dean Howell emphasized the communication aspect of the Council's charge, noting the importance of communicating budget and related issues to the broader campus community. He further noted that information-sharing fosters enhanced engagement among campus stakeholders.

2. Neal McNally provided a verbal update on current fiscal year 2019 budget. Fall enrollments came close but did not quite hit the budgeted FTE levels; YSU had budgeted a 1.5% increase in FTE enrollments, while actual FTEs are up by about 1.28% this fall semester. Consequently, there will be a negative revenue variance, that is, a revenue shortfall, but which should be minimal and manageable. The only caveat, however, is that when the FY 2019 budget was being developed in April – June 2018, revenue estimates were slightly inflated as a way to avoid having to make spending reductions, i.e., budget cuts.

The FY 2019 budget is also based on roughly \$43 million in state share of instruction (SSI) funding appropriations. This remains an estimate since the Ohio Department of Higher Education (ODHE) is not expected to finalize SSI formula allocations until November. And while there is no reason to expect YSU's SSI levels to fluctuate too much from the estimate that the ODHE provided last May, there is still a chance that could happen, depending on formula outcomes. Even nearly three months into the fiscal year, SSI funding levels remain somewhat variable.

On the expense side, personnel costs are projected to increase by roughly \$1.2 million as a result of the collective bargaining agreements with the faculty, and the ACE and the APAS unions. Excluded Professional Administrative staff will also receive a 1% salary increase in FY 2019, as approved earlier this month by the YSU Board of Trustees.

Also on the expense side, Mr. McNally noted that the FY 2019 budget is based, in part, on the assumption that there will be \$2.1 million in vacancy savings this year, meaning that of the \$103 million in personnel costs budgeted to be expended this year, we need to not spend about \$2.1 million. This should be achievable through natural employee attrition and vacancy savings. But this will require a continuation of presidential review and approval to post and fill positions. Mr. Eddie Howard asked whether it would be possible to know when the \$2.1 million savings target had been met, so that departments could begin hiring for key positions. Mr. McNally said that the savings target has not yet been met, though nearly \$1.5 million in savings has been identified. He also said that this is a moving target that fluctuates upward when new vacancies arise or downward when other positions are filled.

Dr. Tom Wakefield asked about the university's scholarship deficit. Mr. McNally responded that the FY 2019 budget includes a \$3.5 million increase for scholarships that, while not insignificant, probably won't be sufficient to cover actual scholarship spending, given the fact that the university last year overspent its scholarship budget by \$3.9 million.

3. Mr. McNally distributed a handout summarizing the university's actual financial operating performance for the prior fiscal year 2018 that ended on June 30, 2018. YSU ended FY 2018 with a combined net positive fund balance of \$1.8 million in all of its budgeted funds. But on a fund by fund basis, the university's scholarship budget last year experienced a nearly \$4 million deficit, largely reflective of the fact that YSU has enrolled a greater number of academically-prepared students, which has fueled increased spending in the university's merit-based *Scholarships for Excellence* program. As a long-standing best-practice, the university must close any and all fund deficits at year-end, rather than allowing the deficit to be carried-forward into subsequent years—because doing that would cause the deficit to grow and compound each year into the future. Consequently, the administration is looking at ways to close this deficit and will be meeting with key stakeholders prior to presenting a plan to the Board of Trustees in December. Ordinarily, steps would have already been taken to close the year-end scholarship deficit at the September Trustees meeting. But in the spirit of shared governance and communication, there will be consultation and dialogue over the next couple of months with campus stakeholders, including the Budget Advisory Council. Dean Howell asked whether

the other fund balances shown on the report were vulnerable to reductions. Mr. McNally said yes, noting that the only way to close the university's scholarship deficit is to reallocate dollars from other university funds. He also said that covering the FY 2018 scholarship shortfall with other FY 2018 funds is consistent with a fundamental budgetary principal: a balanced budget means covering current year expenses with current year revenue.

Mr. McNally noted that unlike last year in which the Council had approximately \$1.3 million in year-end funding to allocate strategically, the FY 2018 scholarship deficit will make it extremely difficult to repeat that process this year.

Given the magnitude of the university's scholarship deficit, it was suggested that staff from Financial Aid, Enrollment Management and/or the Honors College be invited to discuss scholarship practices. Mr. McNally stated that the university intends to publish an RFP to identify a consultant to independently evaluate the university's scholarship programs and strategies. He said this is not meant to imply that YSU is spending too much on scholarships. It could be that YSU's scholarship spend is appropriate for a university our size, etc. and, if that is the case, spending reductions (or revenue enhancements) will need to be made elsewhere.

4. The group discussed topics for future meetings. Elaine Jacobs suggested that the Council receive updates on the various projects for which the Council recommended strategic funding last fiscal year.

Dr. Jeffrey Coldren asked that deferred building maintenance be placed on the agenda for a future meeting. He said that recent heavy rains resulted in significant water damage in DeBartolo Hall. Dr. Coldren suggested that funding priority be given to academic spaces that directly impact the university's ability to generate revenue.

Other potential agenda items were identified, including a scheduled IT update from Chief Information Officer Jim Yukech at the Council's next meeting on October 1st; reports from Associate Provost Dr. Jennifer Pintar regarding the university's plan to enhance space utilization, and efforts to expand online instructional programming; and an update from a representative(s) from the Strategic Planning Organizational Team, which has begun planning for the university's next strategic plan.

5. The meeting adjourned at approximately 10:20 a.m.