

## Budget Advisory Committee Meeting

12:15 p.m., 10/27/09

- The minutes of the BAC meeting on 9/29/09 were approved. They may now be shared with others outside the committee as necessary.
- John Parrack gave a brief overview of what information was in each of the tabbed sections in the BAC binders.
  - It was requested that each committee member review the information in the binder before the next meeting. Any questions about the information contained therein that arise between now and the next meeting may be addressed to Alan Russell/Mary Kay Dunaway/Terri Canino.
- Alan Russell discussed Cash Flow.
  - Receivables are in better shape now due to the collection efforts/purging/meal plan cut-offs/etc.
  - He said it should be noted that the older the balances are, the more difficult they become to collect; however, some of these older receivables have improved by around \$200,000 in recent weeks.
  - Current term outstanding receivables are at approximately \$2.1 million. Of this total amount, about \$485,000 remains "unaccounted for" in some way (meaning that this amount is not yet committed to be paid for some entity/means); about \$1 million is in payment plans, and about \$640,000 is being paid by others (state programs, etc.)
  - Alan said that he believes that by December, all but about \$150,000 - \$200,000 of this semester's receivables should be collected.
  - If there are any "dramatic" changes in the cash flow between now and the next meeting, Alan will let everyone know.
  - Alan noted the importance that each committee member understands that the cash flow report is separate from the budget and is a projection. As the months pass, the ending number (lower, right-hand side) will become more accurate.
  - UCA should not have to go into the line of credit based on the current projections.
  - Patrick Desrochers asked if the \$-amount of UCA's receivables was typical of other universities.

§ Alan responded that in his limited experience, some institutions of higher education have these same issues with receivables and some do not. It depends on how diligent the administration decides to be in collecting current-term balances, because the older balances become, the more difficult they are to collect. He feels that UCA will not have as much of a problem with accounts receivable in the future.

- Alan said he feels very confident that the purge/meal-plan-cutoff dates will move up in the future (not be at/past mid-term, but much closer to the beginning of each term).
- Alan also said that he feels fairly confident that there will be another state budget cut within the next few months. It all depends on how much tax revenue is generated during the upcoming holiday shopping season. The budget cuts will likely be “base” budget cuts.
- John Toth asked Alan to explain the “discretionary travel” line on the cash flow spreadsheet.

§ Alan said that the differentiation in types of travel were really for his own information. He said that “discretionary” was the type of travel that could more easily be held back if necessary.

§ There was discussion about how no academic departments actually have funding for travel in their budgets this year, yet on the cash flow spreadsheet, there was a line item for academic travel of \$639,000. It was explained that the cash flow spreadsheet was based on last year’s numbers; however, there were still questions/concerns about why it was there if there was no budget for academic travel this year.

- Alan said that Terri Canino should be able to explain more about this at the next meeting.

● Dave Harvey asked about how different departmental and student fees are allocated. He knew that many department chairs had questions about where the department-specific fees were going—whether they were being used for/toward the actual department with which they were associated or not.

- Laura Young used the fine arts fee as an example and said that it was in fact built into the Fine Arts budget.
- Dave Harvey & Patrick Desrochers both expressed the concern that the formula of using FTE x fees did not work out to equal the actual amount of money coming

being brought in to their departments. It boiled down to wanting more transparency with where all the money was actually going.

- John Parrack mentioned that there are currently some things being considered that would correct some of those fee issues. It has to do with how the fees are written and how the policies are applied.

- § Alan agreed that it is a policy decision. He said that the committee could bring this issue before Dr. Meadors in their recommendations if they chose to do so. He also noted that – in his experience at other universities – it is a very seldom occurrence for the FTE formula and the actual money coming into a department to match “dollar-for-dollar.”

- Julia Winden-Fey asked where the money was coming from to fund all the “beautification” projects currently taking place on campus. She said that there was a lot of concern about this campus-wide—there is SO much necessary deferred maintenance to be completed, yet money is being spent on beautification. Beautification seems to be more of a “luxury” than a “need” at this time.

- § Alan explained that with the different governmental “pots of money” that are available for UCA’s use, there are different stipulations and guidelines as to how that money can and cannot be used. The same is true of the bond money that UCA has to use; our bond counsel must be consulted for each project that UCA wants to spend that bond money on, and only certain ones are allowed. In the case of the work being done on campus right now, he said that 28 of the 31 projects currently being done on campus are for deferred maintenance—roofing, etc.

- § The beautification projects that have been going on have been requested specifically by the President’s office. It is a form of understated advertising—an attractive campus is more appealing.

- § Alan advised that the committee recommend a budget that each year has a significant amount of funds allocated to maintenance, IT and Physical Plant.

● The state budget cut was then discussed.

- Alan said that Dr. Meadors asked all the senior staff to cut their divisions’ M&O budgets in amounts proportionate to their proportion of the total budget.

- § John Parrack said that although it was appreciated that consideration was being given to academics in order to try to “soften the blow” of a budget

cut, the fear came from the fact that there was really no established “minimally-acceptable” point at which the lack of funding would translate to degree requirements, etc. no longer being able to be met.

- Mike Casey asked about money generated by AOEP. He said that at one point in the past, it was somehow being “hard-wired” into departmental budgets; however, it does not seem that that is happening any longer. Where is AOEP’s money going?
  - Alan said that he would work on an answer for this by the next meeting. This is an issue that he is already looking into for Dr. Meadors, and he is not certain whether he will have gotten the complete answer by the time of the next budget advisory committee meeting or not.
- Julia Winden-Fey asked what the point would be when administration would consider going into the line of credit rather than cutting jobs and programs as a result of another budget cut.
  - Alan said that this was really a question for Dr. Meadors. It is a decision that will have to be very thoughtfully considered before it is made; some times are more prudent to go into a credit line than others are, so it is really not something that one could make a good “call” on until that time came.
  - Laura Young said that this was why Dr. Meadors is putting a large amount of energy and time into the strategic planning process; it would help determine what exactly UCA can afford to have, what it wants to have and what needs to be done in able to have those programs, etc.
- Mike Casey asked if the money generated by the lottery would alleviate some of the money UCA is currently supplying for scholarships, thus freeing up that money to be used elsewhere.
  - Alan said that there has been much discussion regarding that, but there are no definite answers yet.
  - Julia Winden-Fey said that there is a big possibility that most of the lottery money will go to 2-year colleges and not to the larger universities.
  - There was general discussion about “full-ride” scholarships vs. partial scholarships, checks going to students for their excess scholarship money from stacking scholarships, etc. and how UCA could potentially save money by changing the amounts and types of scholarships it awards.
- The meeting was adjourned at 1:30 p.m.