

Budget Advisory Committee Meeting

1:30 p.m., 2/23/10

- The minutes of the BAC meeting on 2/2/10 were amended & approved. They may now be shared with others outside the committee as necessary.
 - Amendment is that on page 2 of the original minutes under the bullet where how Strategic Planning & the Budget Advisory Committee will work together is mentioned, the minutes are amended to read: “Strategic Planning and the Budget Advisory Committee should work closely together as UCA moves forward.”

- Financial Updates
 - Diane Newton made a special point to mention that the committee members needed to understand that the ADHE recommendation was very different from what the legislature would actually appropriate to UCA. Last week the House voted on our appropriation, which was approximately \$2 million less than the ADHE recommendation.
 - The Senate will be voting on the appropriation this week. Diane was unaware of whether or not the vote had already taken place and if so, what the outcome was.
 - The amount the House appropriated would put UCA back at the amount of the October 2009 revised base. This is the case for all state universities.
 - If Educational Excellence has a loss, it could also impact the amount of money UCA receives.
 - Any stimulus money that comes to UCA as a part of the state appropriation cannot be used for salaries or ongoing costs; Diane’s recommendation is that it be used to help build reserves. This would help get UCA out of the red and help start building fund and cash balances back to where they should be; one of UCA’s biggest needs is to get back in the black.

- “Color chart” - Expense information from various Universities
 - Jim Purcell of ADHE provided the charts to John Parrack to show the BAC the breakdown of expenses by institution (expenses broken down by NACUBO functional categories) so that the BAC could see how UCA compares with other Arkansas universities in like categories.

● “Scanned documents” – more charts and information from Jim Purcell at ADHE

- John Parrack called special attention to page 14, where a chart showed UCA is \$6 million in the negative on fund balances.
- Attention was also called to table D-3 on page 21 – showing where scholarship expenses have decreased between 2005 and 2009.
- Attention was also called to page 24, where a chart comparing auxiliary expenses between different universities showed that UCA’s income and expenses were notably higher than those of UALR
 - This was explained by noting that UCA has many more residence halls and a bigger foodservice; there is a much higher residential population at UCA than there is at UALR.
- Discussion took place about the practice of transferring money between E&G and auxiliaries – how, why and when it occurs.
 - Sometimes money is given to the University by a vendor, such as Barnes & Noble or ARAMARK, for specific purposes as are laid out in the terms of major contracts (the contracts that come out of RFP’s).
- Attention was called to “Table C” that shows UCA’s “Operational Needs for FY 2011.” It shows UCA funded at 71% of our need whereas the average amount for other universities is 83%.
 - This information is still not connected to what our state appropriation actually will be because the state is unable to fund according to the ADHE formula.
 - UCA’s percentage is smaller in part because of politics; schools in other parts of the state have more legislators speaking on their behalves.
 - ADHE’s goal would be to recommend funding all schools at 75%; however, with no new money available, no school can get more money without another school giving it up.

● AOEP Information

- Laura Young followed up on the committee’s previous request for more information about AOEP and their budget. She provided spreadsheets, memos, etc. from Dr. Seawood and Dr. Grahn. She noted that Dr. Seawood offered to

meet with the committee to provide any additional information or answer any questions.

- The committee stated that they would like to take Dr. Seawood up on his offer to attend a future Budget Advisory Committee meeting.
- There was discussion among committee members about the cost-benefit of AOEP handling on-line, credit courses. Several members requested an evaluation of the savings that could be achieved if on-line, credit courses were administered directly by the academic departments without oversight by AOEP. Laura agreed to forward the request to Dr. Grahn.
- The meeting was adjourned at 2:45 p.m.