

## **Budget Symposium Meeting Minutes**

**February 18, 2019**

### **Fiscal Year 2019**

Please remember you can access the monthly comparison of revenue and expenditures on the MYUVAWISE website under the Financial Tab. This document is normally updated by the 10<sup>th</sup> of each month. Some key points regarding this document include:

- The revenue and expenses for E&G and Auxiliaries, as well as, the combined and full-time campus enrollment are included in this document.
- Please note that other than state revenue the revenue generation is not linear and fluctuates within different months. Historically September, October, January, and February, are strong revenue months.
- Currently you may notice that the E&G side is in a deficit. It is important to note that this year we received lease-purchase funding to upgrade the campus IT infrastructure. A significant amount of these expenses have hit in January, but the reimbursement from Treasury has not been received. Therefore, expenses for E&G are skewed at this time.

For Fiscal Year 2019 we budgeted tuition and fees based on 1,060 full-time Wise students. At this point our current enrollment is below this budgeted number, so we are re-examining where we will be for the annualized basis to compare to the budgeted enrollment number. We are watching this closely and receive enrollment updates weekly. In comparison to Fiscal Year 2019, in Fiscal Year 2018 we had budgeted based on 1,200 while in Fiscal Year 2017 we budgeted based on 1,300. To help understand the magnitude of enrollment, for each ten students we are down this fiscal year we lose approximately \$75,900 on the E&G side and \$106,400 on the auxiliary side.

### **Fiscal Year 2020**

The Budget Request forms for Fiscal Year 2020, which were distributed January 3<sup>rd</sup> with the request they be return by January 25<sup>th</sup>, have been submitted to the Chancellor and Vice Chancellors for review. With these requests each Vice Chancellor provides a priority order of their funding requests received from their areas should additional funding be available. The Senior Staff received all the prioritizations on February 4<sup>th</sup> and will be reviewing them further on February 22<sup>nd</sup>. The Legislature is scheduled to adjourn on February 23<sup>rd</sup> and the budget conferees have been named so we are hoping that prior to February 22<sup>nd</sup> we will have access to what the compromise state budget is and how it will impact the College. We are required to have the budget for Fiscal Year 2020 loaded into the University's system by March 15<sup>th</sup>.

We are in the process of analyzing enrollment numbers for 2020 in order to provide a base to use while building the budget. At this time indicators show that we will need to lower the number from the 1,060 used to project Fiscal Year 2019.

The amount the Commonwealth provides is a key component. The process starts with the House and Senate each amending the Governor's introduced bill. Then the Committee of Conference will meet to reach a compromise based on the budget provided by each. Once that is completed the budget will then go back to the House and the Senate for approval and then submission to the Governor for signature. The Committee normally uses the parameters of what each chamber has included as the points of where an item will land. Below are the items we have requested and how they are in each budget:

- ***Funding to restore Item 200 H of the Biennium Budget*** – This is due to an error that was created during the Special Session last year which eliminated \$2,000,000 in the Fiscal Year 2019 budget. Language was written to give us the ability to move \$2,000,000 forward from Fiscal Year 2020 to Fiscal Year 2019 with this to be corrected in the 2019 session.
  - **Governor's Budget** – The introduced budget by the Governor included this request for \$2,000,000.
  - **House Budget** – Also included this request for \$2,000,000
  - **Senate Budget** - Only included the request for \$1,300,000 with conditions on the use

The House and Senate budgets can be looked at as book ends. So we can hopefully expect to receive somewhere between \$1,300,000 and \$2,000,000.

- ***Funding requested for graduate degree planning*** – We requested a total of \$600,000 and 5 positions. (It is important to note that not only do we have to ask for permission from the state to spend dollars, but we must also ask for positions as well.)
  - **Governor's Budget** – The introduced budget by the Governor included this request
  - **House Budget** – The House eliminated this request
  - **Senate Budget** – The Senate also eliminated this request but included language in the allocation of the \$1,300,000 for item 200 H.
- ***Funding requested for Safety O&M of the campus safety upgrades being funded by the BOV*** – The Board of Visitors wanted to fund an upgrade of campus security, for example cameras and blue lights, costing \$359,000 and 4 positions.
  - **This was not included in any budgets**
- ***We were asked at the last hour to be included in a request to ask for funding as a joint pilot venture with VSU and NSU for targeted financial needs*** – The request was for \$3,960,000 and 2 positions
  - **Governor's Budget** – The Governor included study language to examine the financial aid needs outlined in the program, requiring each institution to submit a report by September
  - **House Budget** – The House removed the study language

- **Senate Budget** – The Senate concurred with leaving the study language in their budget

Overall there are other items within the budgets which impact the College. These are centralized amendments:

- ***Financial Aid –***
  - **Governor's Budget** – The introduced budget by the Governor proposed an increase of \$398,527.
  - **House Budget** – The House removed this from their budget.
  - **Senate Budget** – The Senate kept the Governor's proposal in their budget.
- ***HEETF (Higher Education Equipment Trust Fund)***
  - **All three budgets left the current HEEFT funding level at \$250,681.**
- ***Maintenance Reserve*** – This is funding used to maintain E&G buildings which are academic and administrative buildings with the exception of the Prior Center that is also an E&G building.
  - **All three budgets left the current maintenance reserve funding level at \$772,776.**
- ***Pay Increases*** – The approved Biennium Budget already included a 2% pay increase to begin July 2019 for staff and faculty. **NOTE: All pay increases require a 60/40 fund split for E&G funded positions, with the Commonwealth paying for 60%. Auxiliary positions, as well as grant positions, must pick up 100% of the pay increase. The pay increase also includes additional fringe benefit costs.**
  - **Governor's Budget** – The Governor added and additional 2% increase to Classified Staff who have been employed continuously for three years, along with a 1% bonus for all employees in December.
  - **House Budget** – The House proposed a 2.75% base increase with a Classified Staff merit increase of 2.25%. We are trying to find out if University Staff qualify for the 2.25%. Faculty are proposed to receive an increase of 3%. All raises would be effective July 2019. The College's share of this pay increase proposal would be \$390,549, which is equivalent to 69 full-time students.
  - **Senate Budget** – The Senate kept the 2% July 2019 pay increase for faculty and staff approved in the Biennium Budget. The College's share of the Senate's pay increase would be \$248,510, which is equivalent to 44 full-time students.

The Senate eliminated an UVA request for an additional \$808,692 to supplement the UVA health insurance premium. Should this be the case, it could increase our fringe benefit rate.

The House has included a pool of \$45,688,000 to be distributed to institutions who do not raise their in-state tuition for Fiscal Year 2020 above the Fiscal Year 2019 rate. Our allocation of this would be \$235,000. Currently we are planning on increasing our tuition by 3% for Fiscal Year

2020. However, it is our intention if this amendment is enacted that we will ask the BOV to reduce our in-state tuition back to the 2019 level.

- ***Appalachian Regional Commission Legislation*** - The College has requested legislation be introduced to enable us to provide reduced tuition to students who reside within the 420 counties in 13 states which comprise the federal ARC region. This is similar in nature to what we do with our Kentucky/Tennessee tuition within 50 air miles of campus. The College has requested that this be emergency legislation so that upon signature by the Governor it would take effect immediately and would not have to wait until July 1. To pass as emergency legislation a bill must obtain 80% of the members in each chamber being in favor. The Governor's Office has been supportive of this initiative.
  - ***House Bill(HB) 1666*** – HB1666 as a Substitute passed the House 99-0 and the Senate 37-3. The HB1666 Substitute, which passed both chambers, stipulates that a student would have to be eligible for Virginia in-state tuition to address the DACA concerns. Also the Virginia Community College System (VCCS) requested a stipulation that we cannot charge a lower rate than what we charge our Virginia students. The bill has been signed by the Speaker of the House and President of the Senate and has been sent to the Governor for signature.
  - ***Senate Bill(SB) 1519*** – SB1519 as a Substitute passed the House 99-0 and the Senate 38-2. However, the two Substitute bills are not in agreement and their differences must be resolved. The SB1519 passed both chambers, but the House amended the Substitute to take it back to the original language which did not address DACA students or the VCCS concern. A Committee of Conference has been requested by the Senate.

Our core focus here is the Central Appalachian Region. Virginia is viewed as one of the best states for education. However Virginia has always been a high tuition cost, high financial aid state. A lot of states like Tennessee are a low tuition, low financial aid states. The state of Ohio is also going to this philosophy. This plus the first two years of community college being free makes it cheaper. Currently ETSU is cheaper to attend than us.

- ***Internal Audit***

The University's Office of Internal Audit initiated an audit of budgeting procedures here and in Charlottesville. We were fortunate to be the initial focus with Charlottesville being phase two. They anticipate to be finished later this month or early next month. As always with any audit there will be recommendations. Based on our discussions below are a few items that we will be formalizing in the near future:

We will no longer be able to make revisions to departmental budgets based on phone requests with our own internal conversation notes. We are developing a form to be submitted to request any budget adjustments. An example of this would be if you have a wage budget you are not going to use but had to purchase an unexpected supply for the department. You can request to move your wage budget you are not going to use to cover the additional cost in OTPS. The form will require the signature of the requestor, the project manager, and their Vice Chancellor.

- When the Senior Staff make decisions on the priorities of funds, instead of an agreement within the meeting, there will also be a signature page for each member of the Senior Staff to sign showing that there was a majority agreeing to go forward with the priority.

- **Workday**

The University has implemented Workday as the new HR system and as you may know this system is having a number of issues. UVA is much more decentralized than we are and we are small enough that we can see what is happening throughout the system. Below are some issues we are aware of and are currently working with UVA:

- There is an issue with work study students and payroll. The system is not picking up all students in the system. They have corrected some of the system issues, but some still remain. We have asked for the ability to gain report access to see all the factors for each student. Please remember that hours must be entered to receive pay. We had a couple of students question why they did not received payment, but they had not entered time for that pay period.
- At this time we are unsure if we will see this same issue with non-work study hourly payroll. If a student comes to you that he or she did not receive a payment and they entered hours, please email HR. If you need to email HR, please go ahead and email Stephanie, Francene, and Debbie.
- Workday has also been experiencing issues during the hiring process. These issues include posting, transition of positions originally posted in Jobs@, issuance of offer letters to name a few. If you have issues please email HR so that we can work with UVA on getting these system issues addressed.

## **Questions**

1. Why is it possible to overspend the OTPS budget?

There are times when a department may have an unexpected expense, for example if something breaks. In this case a request can be made to move unused wage budget to OTPS to cover this unexpected expense.

2. Can we no longer move from wage to OTPS?  
Yes, you will be able to move between the budget lines, however a formal form with signatures will be required.
3. Will detail for the House and Senate bill be posted?  
Yes, meeting notes will be posted to the Budget Office page on the website, as well as, sent out through email.
4. Is UVA going to pay back the students for the FICA issue with student payroll?  
Debbie mentioned that this went back to the first payroll, however many students were not back on campus and working at that time. They are addressing the issue and we are not sure when it will be resolved. Sim also mentioned that there is a discussion on who can be exempt from FICA. Currently full-time students taking 12 credit hours or more are exempt, but there is talk that students requiring just a few credit hours to graduate could be exempt as well.
5. Why give a 3% increase if it takes an additional 50 students to cover?  
If the state approves pay increases we are required to give them. In this case we have to find the cash to cover our portion. This is why we watch the enrollment trends for Wise full-time students so closely.
6. Why use Wise full-time students versus FTE to budget?  
We use Wise full-time students because other students are on a different tuition rate structure. For example CTE students are a big skew to the FTE number and pay according to a different tuition structure. The Chancellor also added that full-time students taking 12 to 17 credit hours pay a flat fee versus part-time students who pay according to how many hours they are enrolled. The part-time students could potentially add up, however a large percentage is CTE rather than traditional courses.
7. Would graduate programs benefit?  
Yes, we would budget them separately then bring in fold. We would assume that a graduate program would be part-time. A graduate program would hopefully have 30 to 60 students versus traditional part-time students that may only be 10 to 20.
8. Do you have any information about the HB1700 surplus?  
The Commonwealth of Virginia tax code is set to conform to the Federal tax law. The Federal government changed the tax code and we are paying less in Federal taxes but more state. The Governor spent this surplus in his budget, while the House and Senate did different things. This is why the Governor's budget had more in it for higher

education. The House and Senate agreed on tax legislation eliminating most of the surplus.