

Budget Symposium Meeting Minutes

February 5, 2018

Sim Ewing – Vice Chancellor for Financial Administration and Chief Operating Officer

We wanted to give you an update on the budget for the current fiscal year, fiscal year 2019 , and an update on the General Assembly session.

Fiscal Year 2018

- We continue to provide updated financial information on the MyUVa-Wise page under the “Finance” tab. You must login to access the “Finance” tab. I encourage you to check it monthly when it is updated so that you will have a view of where we stand.
- As you know, we budget based on the full-time Wise headcount, which as of last Friday was down 8.0% compared to the same point in time as last year.
- Reductions have been made and numerous positions have not been filled, but things remain very tight.
- We are also closely monitoring the auxiliary cash side. With the enrollment being below forecast revenue to the auxiliary side is lagging. This can be seen in less students paying student fees, fewer living in residence halls and eating meals in campus facilities and fewer text books and supplies being purchased in the bookstore. Each of these have a direct impact on the E&G (academic) side of the College as they pay an 18 percent fee back to E&G. We are closely watching the revenue over the next few weeks to see what comes in from financial aid, as it does not appear that there will be enough cash to make the transfer to the E&G side.
- If the entirety of the transfer cannot be made this will be an additional reduction to the E&G side, the transfer is budgeted at \$1M.

Governor McAuliffe’s Introduced Budget and General Assembly

- The College submitted three Decision Packages for inclusion in the Governor’s Budget:
 - \$1.5M in the Caboose Bill, \$2.0M in FY 19 and \$1.75M in FY 20 to aid the College with the current demographic challenges in the region which are effecting enrollment growth.
 - Funding for payments on lease purchases to cover the acquisition of new IT infrastructure on campus.
 - \$5.4M to reduce the instate cost of attendance for full time students and prepay the state share of growth of 250 full time in-state students.
- The Governor included in his budget:

- \$2.0M in FY 19 and \$1.75M in FY 20 to aid the College with the current demographic challenges in the region which are effecting enrollment growth.
- Funding for payments on lease purchases to cover the acquisition of new IT infrastructure on campus at \$892,880.
- The Governor also included 2% pay increases for all full-time employees which would take effect November 2019 (FY20). Reminder that this is a fund split item so on the E&G side the College must pay 37% of the cost and on the auxiliary side 100%.
- ETF was held level funded.
- There was an increase in Maintenance Reserve funding.
- There was not a capital bond package put forward and projects on the funding list, such as Wyllie were not released to proceed.
- Based on Governor McAuliffe's introduced budget the College submitted one budget amendment.
 - \$5.4M to reduce the instate cost of attendance for full time students and prepay the state share of growth of 250 full time in-state students.
- The Chancellor and I also met with Governor Northam to discuss the College's growth plan as a result of his campaign.
- Special Session
 - There is a lot of thought that there may be a special session of the General Assembly before the end of the current fiscal year due to the Federal Government's new tax bill.
 - Given the fluid nature of the situation they will wait until April or early May to reforecast the Commonwealth's revenue for FY 19.
 - The end of December saw an uptick in revenues, but they do not know if they are a lasting increase or if it was a one-time influx due to positioning for the new tax legislation.
 - The Commonwealth believes that there could be additional revenue which may change items, such as capital outlay where there currently is not debt capacity.

Fiscal Year 2019

- We are currently basing our budget development for FY 19 on the Governor's introduced budget.
- The tuition component of the E&G budget and the student fee portion of the auxiliary budget are driven by full-time Wise campus enrollment. In FY 17 we budgeted on an annualized number of 1300. Given what happened in 17, for FY 18 we budgeted off of 1200 annualized. With where we are, we are budgeting FY 19 on an annualized 1060.
- Items being factored in the E&G budget at this time:
 - Annualization of the pay increases from this last year.

- We are factoring in the FY 20 pay increase being moved forward to FY 19.
- A limited number of strategic positions being filled which were being held on the vacant list.
- Redistribution of positions between E&G and Auxiliary
- Level funding of OTPS
- Factoring in the replacement of the IT infrastructure.
- The Faculty Competiveness salary program.
- Strategic OTPS additions from the \$2 million allocation to position the College to grow.
- It is important to note that people comprise 76.2 percent of the budget.
- We are working on the Auxiliary side. We are looking to see what the revenues for this fiscal year over the next three to four weeks are to have a clearer picture of where we are and will be for next year.

Questions:

- 1) Jeff Cantrell – Will the budget affect the estimated start date of Fall 2019 for the MAT proposal?

The MAT proposal is a growth initiative and the start date should not be affected. During Governor Northam's campaign he said the College would receive \$15 million, however we do not know if this is ongoing funding or a one-time payment. The Chancellor has sent a letter to outline what we would like to do and the graduate program will need ongoing funding. We have been working with UVA Treasury to look at paying off debt so in turn this would free up those payments which would become ongoing funding. We are waiting on the Governor to see what is going to happen.

- 2) Don Sharitt – What is the status of the Wylie Library?

Right now this project is sitting on hold. There were no funds released this year or next year at this time. We are hoping that the increase in revenue in December was not an anomaly and the funds will be released next year.

- 3) Don Sharitt – Is there any further news on Sandridge?

Sandridge is in the same boat as Wylie. However, it is not as high on the priority list. Wylie is higher because we need the space to grow the nursing program.

