

UCF Faculty Senate

Budget and Administrative Procedures Committee

MEETING MINUTES – October 5, 2016, Room CSB 221

ATTENDEES: Linan An, Pradeep Bhardwaj (chair), Tina Buck, Romain Gaume, Florencio Hernandez, Anthony Kong, Stephen M. Kuebler, Laszlo Marosi, Kimi Sugaya, Anna Valdez, Xin Yan.

REMOTE ATTENDEES: Melissa Dodd, Keri Watson, Nan Hua, Jacqueline LaManna

EX OFFICIO: Tracy Clark (Finance & Accounting)

GUESTS: Christina Tant (Finance and Accounting)

AGENDA

1. Call to order
2. Roll call
3. Approval of minutes of March 16, 2016
4. Announcement and Recognition of Guests
5. New College Budget Model presentation
6. Adjournment

CALL TO ORDER

Meeting called to order at 3:05 pm.

TOPICS DISCUSSED

Minutes of previous meeting

Before we heard a motion for approval of the minutes of March 16, 2016 minutes it was brought up that many members were new to the committee and hence were not present at that meeting. This was a common occurrence each year.

There was a motion to approve the minutes, as submitted by the previous committee, which was seconded and approved by majority vote.

New College Budget Model

Tracy Clark and Christina Trent presented the new, College Budget Model.

The Pegasus model that used a formula based on credit hours has been out of existence for close to seven years. About a year ago Provost set up a committee to develop a new budget model that could be applied to Colleges.

The 2016-17 operating budget approved by the Board Of Trustees is \$ 1,6038 M and if we take out financial aid we have close to \$ 1,100 M. The E&G budget for College of Medicine (COM) is \$ 41.7 M and that for the rest of UCF is \$ 602.7 M. It is not permitted to move funding between these two as these are state appropriations. There are three broad sources of E&G funds – State Performance funds, Emerging pre-eminence, and Tuition growth.

The committee, when designing the college budget model, started with a College's last year budget and then made a positive or negative adjustment to it based on the metrics. The budget model is frozen for a year so that the Deans can brainstorm about it with their respective colleges. For each College, the Budget Model committee calculated for last five years what the budget would have been for that college if the New Model was used. We were informed that there was not a very large difference that would adversely affect the success of any college.

The New Model is a function of Workload funding, Incentive funding, and Strategic funding. The workload funding is based on Student Credit Hours (SCH), \$95 per Undergraduate SCH (70% of in-state tuition) and \$288 (100% of in-state tuition) for Graduate SCH. This funding would be phased in over two years with 50% being given on July 1, 2016 and remaining 50% on July 1, 2017. There were questions about how this allocation would be done for interdisciplinary courses.

The Incentive or Performance funding will be allocated in three areas. First is Degree Efficiency = $(\text{Number of degrees awarded}) / (\text{\# of majors with 60 credit hours or more})$. This would be allocated to top 5 colleges. The second is Endowed Faculty Support and is \$ 40,000 per \$ 1 M of new endowed funds. The third is Research Growth which is measured by increase in research awards (minimum \$ 350,000) and is allocated to top 5 based on share of Top 5's total growth. It was mentioned by the presenters that the metric for "quality" is still evolving. It should depend on student experience, faculty quality, student employment, and percentage of students making more than \$ 25,000 on graduation. The available data for the last metric is from 2012-13.

There were questions about the fairness of this allocation to a College that has historically not raised large sums of money and is not a part of NIH or NSF grants process. For example, Colleges that are not a part of STEM may not be raising a lot of money. As such they may never reach the minimum \$ 350,000 cut off. There were concerns raised that such a measure could lead to two sets of Colleges, one more research focused, and the other more teaching focused. It was suggested that a more equitable metric would be one that would use a weighted average of percentage growth in research awards and absolute growth in research awards.

A Mock Example was presented which helped in understanding the New College Budget Model. There were questions about what the weights were on each incentive funding metric. The committee was also informed that the purpose of the model is to allocate resources to enhance quality and to assist each Dean in achieving the College's strategic goals.

The presenters graciously agreed to answer, in subsequent meetings, any questions that the committee members may have about this new model.

ADJOURNED: 4:15 pm.

Submitted by Pradeep Bhardwaj (October 9, 2016)

UNIVERSITY
Budget



**COLLEGE BUDGET
MODEL UPDATE**

September 14, 2016

Area	2016-17 Budget	Percent of Total
Educational & General (E&G)	\$602.7 M	37.6%
College of Medicine (E&G)	41.7 M	2.6%
Auxiliary Enterprises	252.0 M	15.7%
Sponsored Research	160.7 M	10.0%
Student Financial Aid	513.2 M	32.0%
Student Activities	23.7 M	1.5%
Technology Fee	9.1 M	0.6%
Concessions	0.7 M	0.0%
Total	\$1,603.8 M	100.0%

Area	2016-17 Budget	Percent of Total
E&G - State Appropriations	\$331.7 M	55%
E&G – Tuition and O/S Fees	<u>271.0 M</u>	45%
	\$602.7 M	
COM – State Appropriations	26.0 M	62%
COM – Tuition and O/S Fees	<u>15.7 M</u>	38%
	\$41.7 M	

SOURCES OF E&G FUNDS

State Performance Funds

- Strategic initiatives
- Student support
- Facility needs
- Administrative needs
- Research support
- Faculty/ staff raises and promotions

Emerging Pre-eminence

- Initiatives that advance UCF toward pre-eminence

Tuition Growth

- SCH Workload
- Incentive
- Strategic

SUPPORT FOR QUALITY

- All university goals are driven by *QUALITY*.
- This is not a model to chase dollars. It is a model to acquire resources to enhance quality.
- Additional quality metrics (i.e. faculty and student experience) are under development and may be incorporated into the budget model in the future.

OTHER OUTCOMES

- A model that distributes incremental funding
 - *Fiscally sound as long as there is state performance funding to support salary increases and strategic investments
- Support for decentralized decision making
- Align resources to support workloads/ growth
- Improve transparency and predictability
- Incentivize performance to achieve strategic goals
- Cross subsidies through strategic investment

MODEL OVERVIEW

To provide an update on the Budget Model and the selected drivers for allocation.

- Workload
- Incentive funding
- Strategic

To present a **MOCK EXAMPLE** that illustrates how the model will work (amounts will change)

WORKLOAD

Workload = Increase or Decrease in SCH. Funding will be distributed over two years, to smooth budget impact.

- **\$95** (approximately 70% of base tuition) per UG SCH and **\$288** per Grad SCH
- SCH will:
 - reflect teaching assignments (by September 30)
 - include funded and unfunded SCH (including regional web courses and UCF Online)
 - exclude market rate, cost recovery, and GAA

PERFORMANCE

Available funding will be allocated in three areas of performance:

1. Degree Efficiency

- Improvement and Excellence Points (the best of each)
- Allocated to top 5 based on beginning of year base budget

2. Endowed Faculty Support

- \$40,000 per \$1 million of new endowed funds

3. Research Growth

- Increase in research awards (minimum \$350,000)
- Allocated to top 5 based on share of Top 5's total growth

TOP 5 IN A 5-YEAR PERIOD

FY11-15 history shows that each college has the ability to achieve a top 5 ranking in one or more performance areas. 7 out of 10 achieved both in a given year.

Degree Efficiency

Arts & Humanities
Business Administration
Education & Human Perform
Engineering & Comp Science
Health & Public Affairs
Biomedical Sciences
Nursing
Sciences
Hospitality

Research Awards

Arts & Humanities
Business Administration
Education & Human Perform
Engineering & Comp Science
Health & Public Affairs
Optics
Biomedical Sciences
Nursing
Sciences

STRATEGIC INVESTMENTS

Strategic investments in new programs and initiatives of strategic importance, cross subsidies, etc. to be guided by the university's strategic plan... TBD

IMPLEMENTATION TIMELINE

- Performance Period – Began July 1, 2016
- Finalize SCH and UG/ Grad \$ per SCH – Sept. 30, 2016
- Feedback Period – Now through Sept. 30, 2016
- 1st Workload Funding Distribution – July 1, 2017
- 1st Incentive Funding Distribution – Oct./ Nov. 2017

Drivers for Allocation On July 1, 2017	Performance Period
SCH	+/- from FY16 to FY17
Research Awards	FY17 growth above \$350k
Degree Efficiency	Summer 16, Fall 16, Spring 17
Endowed Faculty Support	FY17 New Endowments

Questions/ Feedback ?

**** MOCK EXAMPLE ****

UCF Budget Model Framework for Academic Units (A Mock Example for 2016-17)

Based on Incremental Change in SCH from FY15 to FY16

	2014-15 SCH		2015-16 SCH		Workload Funding				Incentive Funding			Strategic	Budget Model		
	UCF Actual UG SCH ¹	UCF Actual Grad SCH ¹	UCF Actual UG SCH ¹	UCF Actual Grad SCH ¹	UG Incremental Revenue	Grad Incremental Revenue	Total Workload Funding Allocation	Distribution of Workload Funding (Phased in over 2 years)		Allocation for Degree Efficiency	Allocation for Endowed Faculty Support	Allocation for Growth in Research Awards	Strategic (quality, cost subsidy, etc.)	Allocation for New Year	
					\$95	\$288		July 1, 2016	July 1, 2017	\$600,000	\$380,000	\$600,000	\$420,000		
Arts & Humanities	221,409	7,530	237,222	7,212	\$ 1,504,733	\$ (91,584)	\$ 1,413,149	\$ 706,575	\$ 706,575	\$ -	\$ 20,000	\$ -		\$ 726,575	CAH
Business Administration	183,490	11,946	187,837	13,225	413,652	368,352	782,004	391,002	391,002	-	40,000	-		431,002	CBA
Education and Human Perform.	78,382	32,054	79,825	30,506	137,313	(445,824)	(308,511)	(154,256)	(154,256)	-	-	-		(154,256)	CEHP
Engineering & Computer Science	127,897	19,172	137,214	19,884	886,587	205,056	1,091,643	545,822	545,822	228,419	-	384,379		1,158,619	CECS
Health and Public Affairs	152,622	33,464	155,195	35,219	244,842	505,440	750,282	375,141	375,141	176,710	-	-		551,851	COHPA
Biomedical Sciences	45,608	1,720	46,671	1,941	101,153	63,648	164,801	82,400	82,400	72,287	120,000	34,312		308,999	COM (BSBS)
Nursing	28,261	5,027	27,042	4,959	(115,998)	(19,584)	(135,582)	(67,791)	(67,791)	54,602	-	65,105		51,917	CON
Optics	294	1,897	485	2,049	18,175	43,776	61,951	30,976	30,976	-	-	-		30,976	COP
Sciences	416,229	13,082	435,352	12,909	1,819,706	(49,824)	1,769,882	884,941	884,941	-	-	116,204		1,001,145	COS
Hospitality Management	70,644	1,233	71,688	1,758	99,345	151,200	250,545	125,272	125,272	67,982	200,000	-		393,254	CHM
Regional Campus Face-to-Face	39,927	1,297	31,151	1,922	(835,107)	180,000	(655,107)	(327,553)	(327,553)	-	-	-		(327,553)	RC
	1,364,763	128,422	1,409,682	131,584	\$ 4,274,402	\$ 910,656	\$ 5,185,058	\$ 2,592,529	\$ 2,592,529	\$ 600,000	\$ 380,000	\$ 600,000	\$ -	\$ 4,172,529	

¹ Includes Fundable and Non-fundable SCH. Regional web SCH has been moved to the colleges. **Adjustments will be made prior to implementation to reclassify SCH to reflect teaching assignments and exclude non-E&G revenue generating SCH (e.g. market rate, cost recovery, and GAA).**