

Budget and Planning Committee
Oct. 27, 2011
3:30 pm – 5:00 pm
Ruffner 103

1. Approval of September 22 Meeting Minutes
2. Budget “Training”
3. SACs

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Members present: Troy Austin, Dick Bratcher, Deneese Jones, Keary Mariannino, Frank Moore, Tracy Nelson, Susan Osborne, Ken Perkins, Jeannine Perry, Tim Pierson, Chris Register, Chuck Ross, Bryan Rowland, William Stuart, Bill Thomson, Kathy Worster, and Alex Fink.

Members not present: Paul Barrett, Brandon Fry, David Lehr, Mark Lenker, and Suzy Palmer

Ken Perkins opened the meeting and asked if there were any changes to the minutes. Frank Moore made a motion that the minutes be approved. Troy Austin seconded the motion. The minutes from the Sept. 22nd Budget and Planning Committee meeting were approved by all.

Ken Perkins then turned the meeting over to Kathy Worster for Budget 101 training. Kathy Worster then introduced Susan Osborne and stated that Susan Osborne would be providing the training for the committee. Susan Osborne began with a review of the Education and General (E&G) Funds and terms related to E&G. A handout was provided (Sources of Educational & General (E&G) Operating Revenue). Susan Osborne began reviewing the definitions from the handout for E&G Operating Revenue.

Tracy Nelson stated that dollars are recorded with the state. State funds are reported in the Commonwealth Accounting and Reporting System (CARS). The University can have local deposits held with the local bank, Wells Fargo. The Student Government Association (SGA) funds are collected on account and moved to a local account. The reserve stays in the local account.

Bill Thomson stated that the school is run off of state funds and student fees. Kathy Worster stated that students now support more of their education than the state does.

Bryan Rowland stated that there needs to be a reduced use of acronyms. We need to look at the big picture before we started tearing it down into the little pieces.

Ken Perkins stated that funds are received by lobbying the state and by raising tuition.

Susan Osborne then began the training on the Auxiliary sources of revenue. A handout was provided (Sources of Auxiliary Revenue).

Auxiliary funds are deposited with the state. FY12 Auxiliary Funds were approximately \$42.3 million, E&G Funds were approximately \$59.2 million, and approximately \$3 million was from stimulus funding.

Kathy Worster said that Virginia state laws states that Auxiliary services pay for themselves. Ken Perkins stated that when E&G budgets get cut it is the General Funds that get cut. Dick Bratcher stated that fixed costs play a role in the budgets and that we have no control of the increases of the fixed costs.

Ken Perkins brought up reserves. Auxiliary reserves are a pool of money that does not have to be spent by the year's end. The E&G funds have to be spent by the year's end. Are maintenance reserves the same as Auxiliary reserves? Kathy Worster stated that there are several different types of reserves and they are built up over time. Troy Austin stated that at one time the University used to earn interest on the Auxiliary reserves. Kathy Worster stated that now the state takes back any interest earned on Auxiliary reserves.

Deneese Jones mentioned that furniture needs to be replaced in Willett Hall and asked where is the pool of money to get the furniture? Kathy Worster stated that one-time money can be used and to put a request in for the furniture. Deneese Jones stated that a request was put in last year and the furniture request was not approved.

Ken Perkins asked what happens to the money that is not spent. How do we rationally spend year end money? One source of year end money is available by positions that are not filled. Kathy Worster stated that to pay for equity adjustments the best way to get that money is by enrollment growth. Deneese Jones stated that there is a morale issue across campus and with no salary raises employees should at least have nice furniture. Dick Bratcher stated that the morale issue has been going on across campus. Ken Perkins asked if we can pay out of reserves. The Board of Visitors (BOV) has to approve the use of reserve funds. Ken Perkins suggested that Deneese Jones look at the possible use of summer school funds to purchase the furniture, but then how do you fund the academic side and provide for other needs?

Keary Mariannino stated that an anonymous email was received from the Staff Advisory Committee (SAC) regarding year end spending. It was suggested that the money be spent sooner rather than at the last minute on meaningful purchases instead of 500 cd cases. The rush of the year end spending and the purchasing process leads to unnecessary spending. Keary Mariannino also stated that the library needed snow stops to be replaced. She was told there was no money to replace the snow stops and it would be put on the list. Keary Mariannino also stated that the staff does not understand the whole budgeting process and information does not get filtered down to them. Susan Osborne stated that they are hesitant to spend money early with possible unknown cuts. Tracy Nelson stated that there are departments that do not spend their money until year end and the Budget Office does not always know what departments have left until year end. At that point people get carried away with spending the money since it is a use it or lose it situation.

Dick Bratcher brought up that a lot of funding is through bond funding. Operating costs for buildings have been cut. Funding is regulated by law for what it can and cannot be spent on. Tim Pierson stated at year end there is only so much money left and people submit their critical

needs. The requests are more than the amount of money for year end. Tracy Nelson stated that the Operating Budget online is not related to capital funding or local funds. It is truly the Operating funds.

Ken Perkins stated a what if – What if Bill goes to Dr. Ross needing a position – not a replacement position, but a new position and there are no extra funds how do you go about getting the funding? Tracy Nelson stated that you raise the tuition, increase enrollment, or reallocate.

Bill Thomson asked if there is anything else you need to give us. What Keary Mariannino talked about was an emergency situation. Keary Mariannino stated that the snow stops did get fixed but it was ten months later. What happens if it is an emergency situation? Dick Bratcher stated that there are proper channels you go through to get the emergency situation escalated to the right person. It will be brought to Kathy Worster's attention. Dick Bratcher stated that once he was notified of the issue regarding the snow stops they were fixed within three weeks. Keary Mariannino stated that if the issue of things needing to be fixed seems to always be put on a list. Dick Bratcher stated that life safety issues are brought to his attention he takes it to Kathy Worster's attention and they are fixed. Ken Perkins stated that maybe the concern over the list is possibly an urban legend. Keary Mariannino stated possibly it is an urban legend and the perception that staff have.

Jeannine Perry asked is there a Rainy Day fund. If so, what is it? Kathy Worster stated that there is a Rainy Day fund of General Auxiliary funds of around \$13 or \$14 million and to spend the funds the request has to be approved by the board.

Bill Stuart brought up the use of Endowment Funds/Foundation Funds. Ken Perkins stated that that the money from the foundation helps to fund small things. Bill Stuart stated that there are many smaller pots of money.

Deneese Jones stated that her questions and comments had been raised for others, not herself.

Tracy Nelson stated that the state allows reserves on Auxiliary not E&G funds to carry over. There are strict regulations on how E&G funds are used, but not so much on Auxiliary funds. Dick Bratcher stated that maintenance reserves also have strict restrictions on how they are to be used.

Tim Pierson brought up the faculty salary pool churn. Tracy Nelson stated that Academic Affairs keep faculty salary savings. Ken Perkins stated do we anticipate this committee to have a role in the year end spending this year? Kathy Worster stated that Vice Presidents can start putting together their list now. Chris Register stated that we talked of a non-existent list now we are creating one. Ken Perkins stated that maybe this list will help decrease the end of year rush. Chris Register stated that channels are not clearly understood. Ken Perkins stated that VPs have Deans, Chairs, and Directors submit their request for needs that are onetime expenses. One-time

expenses are those that will not need to be funded year after year. They provide an explanation of the request and the committee then prioritizes the list and submits it to the President.

Tracy Nelson stated that usually year end money is E&G. Auxiliary funds are generally not considered at year end. Bryan Rowland stated that fixed costs are the ones that usually go up such as benefits, health care, etc. Tracy Nelson stated that those types of costs are accounted for first. Bryan Rowland asked what the percentage of personnel makes up the budget. Tracy Nelson stated about 80%.