Minutes for the Faculty Senate Budget Committee
January 24. From 3:15-5:00PM.

Attendees:

CFO Ken Jessell	Deanne Butchey, Chair	Absent: David Chatfield
Delano Gray	Alan Gummerson	
Clark Wheatley	Joel Barber	

The Faculty Senate Budget Committee met in advance of the January 24, 2017 meeting with CFO Ken Jessell and composed a list of questions pertaining to the University budget. This was sent to the CFO in October 2016. At the onset of the meeting, the CFO shared some newspaper reports of the likelihood that legislators will face a $750 million gap in next year's budget. The following are the questions and a synthesis of the responses presented at the January 24th meeting:

1. ***In the last five years, what has happened to the accumulated unrestricted cash asset reserves?***

New pension accounting rules put forth by the Governmental Accounting Standards Board (GASB), has affected these reserves. While total cash and investments has grown from $273 million in FY 2011-12 to $312 million in 2015-16, the unrestricted net assets has fallen from $183 million to $109 million. This is because each institution now has to place the total pension liability on its own balance sheet rather than that for the state.

2. ***We would like to understand how tuition generated by various programs/classes is disbursed to the Colleges including tuition generated in summer by graduate work (including dissertations and theses).***

FIU uses a traditional incremental budgeting methodology in which the base budget is based on the previous year's budget plus adjustments for critical investments and other budget changes like salary actions, fringe benefit changes, and budget reductions. Colleges receive funding from both state appropriations as well as tuition revenues. Of the $442 million E&G budget in 2015-16, the colleges spent $230 million. The remaining amount was spread among other educational and support functions. New resources are allocated in line with the University's strategic plan and via the critical investment request process. Tuition revenues received by the units are not allocated directly to them. Examples of revenues being significantly less than their budget component are SIPA, CECS, Public Health and Social Work. The College of Law receives tuition revenue as well as a separate state appropriation. For FY 2016-17 the estimate ending balance in the E&G University Fund Balance Composition is expected to be $44 million, a figure above the minimum statutory reserve of $24 million.

3. ***In order for units to spend available resources efficiently, they need to know what money they have to work with from the beginning of the AY year, how can that be achieved (specifically for grants etc.)? Best practices in accounting are that managers are involved in the budgeting process. Are managers (specifically heads of departments/schools) involved in the ex-ante creation of budgets?***

CFO Jessell explained how Academic Affairs begins the process in February of having the units work on preparing the academic budgets. Each college has its own process and the CFO suggests, "if certain managers are not being included in the process, a conversation should be requested with the Dean in order for there to be transparency and inclusion".

4. ***How much of the pass through does the university keep (including funds for dorm rooms, and etc.)? Does the university make a profit on dining plans, bookstore etc?***

Because of bond covenants and other restrictions, funds earmarked must go directly to the units responsible for execution of the plans.

5. ***How much have online revenues declined (or are expected to decline) year-over-year? How have the recent challenges with online fee reductions affected the strategic plan (e.g., enrollment growth)? What is the plan if the supplemental fee is reduced further or eliminated?***

Online revenues for FY 2016-17 have declined by $6.4 million compared to FY 2015-16, with a budget reduction plan executed by Academic Affairs to address the shortfall. The Technology Fee and A&S Fee funding offset some of the shortfall. While the university expects the fee to remain at $30 per credit hour, it is monitoring legislative changes in order for necessary changes to be implemented.

6. ***Many rumors abound regarding performance funding received over the last few years. The committee would like clarification about what can possibly happen to the incremental funding received over the last few years.***

While FIU thinks it is unlikely that it will be in the bottom three (in which case FIU would not be eligible for any incremental funding for 2017-18), in the event it falls into that group, there are sufficient reserves to absorb a one-time $25 million reduction in funding. This will leave FIU with sufficient time to prepare a budget reduction plan if necessary. However, the following year FIU should regain points because of improvements from the low base.

7. ***Please explain the deal with Miami FC and what is the net profit to FIU.***

It is very good, but FIU needs to ensure it doesn't run afoul of IRS rules which limits the for-profit revenues that may be earned.

8. ***How many 1) admin and 2) exec parking permits were sold this year compared to last year and how many 1) admin and 2) exec parking spaces are there this year versus last year?***

Just under 5,000 additional student permits were sold in FY 16-17 versus FY 15-16. There were 12 fewer Executive (to 82 permits), 30 more Admin, but over 1,000 fewer Faculty/Staff permits sold. CFO Jessell thinks this may be a timing issue since sales are still pending for remainder of this year. However year-to-date, approximately 5,000 more permits have been sold (46,304) compared to FY 15/16, while the number of parking spaces have remained at 11,509.

9. ***Please shed some light on funding for Plant Operations and Maintenance (POM) for new buildings.***

The State provides funds for buildings constructed using PECO funds. It is typically a formula based on square feet and type of use. The amount is NEVER adjusted by the legislature. That is, we get the same POM for PC today that we did 20 years ago. There has never been an adjustment for cost increases/inflation over time. This will apply to the upcoming FPL rate increases that were approved by the Florida Public Service Commission. Buildings constructed using bond funds do not receive state funding.

10. ***What are the plans for the Public Private Partnership Hotel?***

CFO Jessell shared the plans and timeline with the committee for the Hotel P3 project. Final proposals (including all technical responses) are due by March 27, 2017. He noted a site has been chosen and environmental concerns have been addressed. An Alumni Center, managed by the Foundation is also expected to be built as part of the project.