

Minutes - Senate Budget Policies Committee
Friday, September 27, 2019
2:00-4:00 pm in 817 Cathedral of Learning

Members in attendance: Elia Beniash, Tyler Bickford (co-chair), Panos Chrysanthis, Yolanda Covington-Ward, Jennifer Lee, Emily Murphy (co-chair), Yashar Aucie, (GPSG), Jennifer Elizabeth Jones (UPPDA), Adriana Maguiña-Ugarte (SC), Brian Smith (SC), Melanie Scott, Frank Wilson, Amanda Brodish, Richard Henderson, Thurman Wingrove, Stephen Wisniewski, Susan Jones (UTimes)

Absent: Mackey Friedman, John Mendeloff, Wesley Rohrer, John J. Baker, Beverly Ann Gaddy, Phil Wion, Narahari Sastry, Chris Bonneau.

1. Call to order

Co-chair Emily Murphy called the meeting to order at 2:03 pm.

2. Approve May minutes

May minutes were approved unanimously as submitted.

3. Matters arising

Steve Wisniewski indicated that, since David DeJong has been formally accepted the top position on the Office of Human Resources, Steve will fill the role Dave had representing the Office of the Provost until last year.

4. Overview of committee work, areas of responsibility

Tyler Bickford indicated that documents were shared prior to this meeting listing SBPC's areas of responsibilities, as it is always good practice to review them regularly, particularly at the beginning of the new year, with new members.

5. Updates on FY20 budget

Thurman Wingrove recapped the presentation given to this committee during the May 2019 meeting regarding the university budget (UPBC approved for submission to the Chancellor).

Wingrove reminded us what was proposed:

- assumed a flat PA State appropriation
- anticipated a tuition increase of 3% for in-state undergrads, 5% for out-state undergrads, 3% for all grads, 2% at regionals, 5% for in-state students in SCI and Engineering, and 7% for out-state students in SCI and Engineering.
- salary pool increase was split for those making under \$47,638 = 2.5%, and those above that figure = 2%
- overall budget cut of 1.5%
- There were alternative plans in place in case of better/worse PA appropriation
- Top priorities in order of importance were: a) increase salary, b) reduce cost reduction, and c) reduce tuition increase. At the May meeting of this committee, members voted to switch the order of the first two.

When PA appropriation was approved at higher levels, the budget above was passed with the following changes/improvements:

- salary pool was increased by an additional 0.5% in relation to what was initially approved.

- Chancellor approved to pass a budget cut of only 0.5% to the units (not the entire 1.5%) and implement the remaining 1% budget cut centrally instead (a committee under the CFO will be looking/identifying areas of budget cutting).
- tuition increase was reduced by 0.75% across all proposed tuition increases mentioned above.

Elia Beniash inquired about the cost of Pitt's rebranding, and whether it may have impacted the deficit. Wingrove explained that the costs were spread across areas, and that he did not have collective totals.

6. Update on university's Planning and Budgeting System (PBS) "Guiding Principles"

Co-chair Bickford summarized that this committee (BPC) has been very involved with PBCs (Planning and Budgeting Committees) for the university at all levels. Since its creation in 1992, BPC is responsible for reviewing whether the PBS processes are followed and communicated openly. More recently, an ad hoc committee worked on a review of the document (current version from May 2016 is posted: <http://www.academic.pitt.edu/pb/>), and then a survey of PBCs chairs was conducted in 2017, followed by another survey in 2018 of all PBC members relating to their experience in their respective PBCs. Respondents were overall satisfied. The Provost Office offered to follow up with areas where PBCs were not following procedures.

It is time to administer the survey to PBC members again.

Wisniewski indicated that the Office of the Provost will first communicate with deans, but a schedule needs to be developed. Survey questions will remain to be able to measure answers through time, but they may be finetuned based on 2018's survey observations.

Wingrove's office will collect information of committee's membership, then send the survey to each member. It is hoped that results will be back by early Spring

Bickford mentioned anecdotal information about members still not knowing about election of members. He inquired whether the Provost office would emphasize guidelines and processes.

Wisniewski agreed it was time and appropriate to do so; he also reminded this committee that many deans were new in their posts and are just getting appraised of all important matters that they need to handle. He assured us that the Provost Office will continue to indicate priorities and the PBS is one of them.

7. Review and discussion of budget process for FY20

Co-chair Bickford requested a review of the process followed that led the university to have a 1.5% deficit by the end of the previous FY. He indicated that BPC came to learn about the deficit in May 2019, after the fact. Bickford expressed concern about the debt service and the Pell Grant initiative called "Pitt Success".

Wisniewski indicated that the budget is brought to UPBC's Parameters subcommittee, where the budget is worked on; they get a line item introduction, talk about change in providers, costs of utilities, etc. This takes place in the Spring. Narahari Sastry, Pitt's new CFO, will be working on systematize the current process.

Wingrove added that in the past deans would interact with CFO directly, impressing their needs and wants upon him. But no formal/fair procedure was in place. CFO would inquire units for their operating budgets just prior to going to the first UPBC meeting of the year (around November).

Regarding the Pell Grant: special board committees dealt with this request prior to being approved. Pitt will be using its reserves for now to cover the success of this initiative. In the future it will be paid from the Operating Budget.

Bickford inquired why the university, after learning about the (1.5%) shortfall, couldn't pay it with reserves.

Wingrove advised that the 2% extra tuition is meant to help pay for Pitt Success so this is how the operating budget will be "filled". It is a reallocation, and it will take about 10 years to re-finance the line item that will pay for the student grants. The extra tuition increase from SCI and Engineering will bring in an approximate 6 million to the budget. These are grants, not loans, which the students will not have to pay back after graduating. About 20 million was used from the reserves; in the future the amount will decrease progressively.

About 700 freshmen are benefitting from Pitt Success, and in total about 4,000 students are benefitting from a Pell match (not meant just for freshmen, but all classes).

When inquired, Wingrove explained that capital improvements fall under the management of the Senior Vice Chancellor, Business and Operations (all business and operations). His office determines when things are in need to be replaced/fixed/built. A priority list of needed work goes through an approval process. Board of Trustees has many committees dealing with different areas of Pitt's improvement, and are involved in the approval process.

Bickford acknowledged the budget process is complex and not well understood by members of this committee, therefore the committee would benefit from learning more about the budget making process. What happens when there is a surplus? Can it be used to pay debt?

Wingrove clarified that Pitt follows a break-even model, and it is conservative when it comes to revenue and debt.

Frank Wilson (former Senate President) now attends the UPBC. He shared that the UPBC does manage a lot of detailed information, projections, etc. He considers the process to be a very thoughtful one; tradeoffs have to happen. Last year process was very educational (even if painfully so), and lots of discussion was had. He now realizes how easy it is to get into "silo" discussions in other committees. "How does the budget work?" is a great topic for a primer discussion here. All agreed. The E&G budget is what we are concerned about, but we have no knowledge of magnitude of the E&G within the overall budget.

Wisniewski requested that, in the future, more precise question(s) relating to budget be sent his way in advance to the meetings so that he and Wingrove can properly prepare to answer them. All agreed.

Adjournment.