

Minutes
Senate Budget Policies Committee
Friday, September 21, 2018, 2–4 p.m.
CL 1817

Members in attendance: Tyler Bickford (secretary), Panos Chrysanthis, Yolanda Covington-Ward, Mackey Friedman, Jennifer Lee, John Mendeloff, Wesley Rohrer (chair), Cory Stillman (SGB), Adriana Maguina-Ugarte (SC), Beverly Gaddy, David DeJong, Richard Henderson, Thurman Wingrove, Frank Wilson, Donovan Harrell (UTimes), Amanda Brodish, Brian Smith

Absent: Elia Beniash, Emily Murphy, Shreyas Vamburkar, John Baker, Phil Wion, Chris Bonneau

Meeting called to order at 2:00pm by Chair Rohrer

1. Introductions

2. Chair's report

3. Approval of May minutes

- Maguina-Ugarte added correction by email: page 5, second bullet point, change “I wonder if “effectiveness” only measures what PBC set out to do” to “I wonder if “effectiveness” only measures what the particular PBC set out to do”
- Minutes approved

3. No matters arising

4. Review of committee calendar for AY19 (attached)

5. Discussion of PBS oversight next steps, David DeJong, Executive Vice Provost (Guiding Principles for Planning and Budget Committees attached)

- The Planning and Budgeting System is the shared governance constitution of the university. That system gives oversight to this committee. We are charged with making sure the university is following the PBS. Traditionally the university has aided your work by doing a survey of all of the Planning and Budgeting Committees, and different levels. Schools have planning and budget committees at low level units that aggregate up to school level, and there is a university level PBC. Very federalized structure. Challenging to do that oversight work. Last year we sent out a survey to all levels of units that we could identify.
- Wingrove: We identified all the lead business managers at each school, and sent the request to them, and they sent us information about each PBC
- DeJong: Results of survey were largely positive. Most participants felt that they were getting information they needed. But we can always do better. Our office suggested that we could follow up and put out guiding principles to address concerns we did see.
- Rohrer: That is a fair description. The items we asked about in the survey were more detailed and probing than in the past. I was surprised that the response was as positive as it was.

- DeJong: Over the summer we pulled together an ad hoc committee that went through the results. Rohrer, Brodish, Wisniewski, Wingrove, and myself, along with unit level leaders representing regionals, A&S, Law, and Health Sciences. Our office put together a draft of guiding principles, and then we met and fleshed them out with the ad hoc committee. I would like to discuss these, finalize them, and then distribute to all the deans. Then I think it would be nice to complete this survey this year to see if there is some delta with this, and then we will put the survey on a three-year cycle. It is really important to understand that the units do have different structures, so you have to respect flexibility and allow them to use their judgment. But I think this is a flexible document.
- Mendelson: Did the survey identify units with particular issues?
- Chrysanthis: We can see which units may not have responded, those might be good to follow up.
- DeJong: I was prepared to gently mentor folks if we saw the need to, but we did not see those issues in the survey results.
- Rohrer: On the draft guiding principles, a couple particularly useful principles:
 - Provide prior years' recommendations and actions taken, to show results from the process. Follow up with the committee with respect to acceptance or implementation.
 - Each unit should conduct a survey to evaluate what worked and what didn't. Should we have access to that?
 - DeJong: I don't want to be too heavy handed with this. If the surveys are pointing out concerns, I don't want to discourage units from surveying.
- Maguina-Ugarte: When you refer to units, do you mean all faculty at a school will have access to information.
 - DeJong: No, committees have a representative structure, so only committee members receive those items.
- Bickford: At the last meeting Steve Wisniewski mentioned the provost's office would have annual meetings with unit heads about planning and budgeting procedures.
 - DeJong: With new provost we may have a different structure, but we will definitely communicate regularly with each unit.
- Motion to approve guiding principles document
 - Seconded
 - Vote: Guiding principles document approved
- Rohrer: This is a breakthrough, and reflects commitment by provost's office and significant effort by Thurman Wingrove's staff.
- DeJong: That effort reflects our commitment to shared governance, which is absolute.

6. Updates on FY19 budget, Thurman Wingrove, Controller

- When this committee last met the parameters committee of the UPBC had completed all their work, came up with an operating budget that was approved by the subcommittee and sent to the UPBC. That recommendation assumed a flat appropriation from the Commonwealth, increased tuition rates at regionals and Oakland for in- and out-of-state students, and increased the salary pool by 2.25%. Everything changed in May when we received word that the commonwealth was federalizing an additional component of our appropriation. They've been doing this for years with the School of Medicine appropriation. They are taking a component of State Education Department funding, and redirecting it to Medicaid, which qualifies them for matching federal funds, which means

an \$8 million increase for us. So we ended up with more appropriation dollars than expected, and we went back to the drawing board to take another look at FY19 budget. When the parameters were first approved, there was a discussion about what we would do if anything changed. The first priority would be to reduce in-state tuition, then eliminate or assess cuts, then adjust salary pool accordingly. We went back to the drawing board on tuition rates. The increase for Oakland students' in-state tuition was reduced to zero. Regional campus tuition was also frozen for in-state and out-of-state. There were also adjustments to engineering and other programs, but those were the two main changes. In addition to \$8 million increase from federalized appropriation, we also received a 3% increase from state appropriation, or an additional \$4 million. With this extra roughly \$12 million, we reduced tuition and cleared a small deficit in the draft budget. Unknown costs that became clear, We also used some of this money to fund certain unknown costs that became clear later in the process (SVC of research, security costs, insurance costs). That brought us to a balanced budget.

- Rohrer: We did not expect either federalization or 3% increase.
- DeJong: Every year we have needed to build in contingencies. We keep getting our information from the state later and later.
- Wingrove: If federalization continues, that may occur later in the year
- Smith: Do we think this will continue?
- Wingrove: We hope it will continue. There is hold harmless language with the legislature that should this federalization money go away that we would be restored.
- Maguina-Ugarte: Any strings attached?
 - Wingrove: The only unusual thing that is that since they are related to the Medicaid program, they come through UPMC. We have a working agreement with UPMC that they send us the funds when they receive them.
- Bickford: Do we have to lock in a budget on July 1, regardless of the contingencies?
 - DeJong: The contingencies are recommendations, but the board sets the budget.
 - Bickford: A few years ago more money than expected came in later in July, and I remember Art Ramicone describing our “budget to budget” model that did not allow us to include that money in the budget.
 - DeJong: The budget to budget model means that we have to make predictions, and if new money comes in it either goes to one-time expenses or it is invested in the quasi-endowment.
 - Bickford: So for the purposes of the budget, the contingencies do have to be resolved by June 30?
 - DeJong: Right. If money comes in later you can't budget it.
- Discussion of 2014 when salary increase was held off until middle of year.

7. Updates on development of University business plan (David DeJong)

- Reminder that information given in closed session needs to remain confidential
- In closed session

Meeting adjourned at 3:35pm.

Next meeting October 19, 2–4pm, CL1817