

Faculty Senate Chair Report
February 3, 2021

Senate Items of Interest

Print Policy

- UofL today announcement indicating a “new” print policy that is actually the policy/contract that has been in effect for a couple of year.

BoT

- Voted to restore retirement benefits to 6%

University Wide Committees

Budget Model Workgroup

- Voted to recommend adjusting tuition allocation to 68% to units.

Budget Planning and Monitoring Committee (BPMC)

- Voted to recommend restoring retirement benefits to 6%
- See attached report on financials

Spring Forward Coordinating (PTF/S) Committee

- Had updates on testing and vaccination
- Discussed Library Issues

EVPRI office

- Discussed post-doc classification.
- Updates on ERA system implementation (contract to be finalized soon, implementation will be staggered with proposal submissions likely in the first three months)

HRAC

- Staff Job descriptions due by 3/1/21 to LFOs
- No staff reclassifications for 18 months
- ERP contract signed (replacement for peoplesoft), now looking for an implementation partner
- Faculty senate P&B and PTF committee chairs have been added to HRAC

Temporary Signage Committee

- Created and charged to develop policy and procedure to approve banners, yard signs and posters on campus.

Shared Governance

- Working to re-establish Shared Governance Workgroup

1. Help establish connectivity maps as guides to show connections of faculty and staff to important administrative decisions
2. Promote faculty senate as a conduit for two-way lines of communications between administration and faculty/staff

On the horizon

- Report on Ad hoc committee on Inclusion, Diversity, Anti-Racism and Equity.



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Budget Planning and Monitoring Committee

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January 14, 2021

Today's Agenda

- **FY 2021 financial status and enrollment updates**
- **FY 2021 budget balancing levers**
 - Recommendation on restoring retirement / contingency / other
- **Status updates**
 - State budget
 - COVID relief
- **FY 2022 Budget Items**
 - Identification of budget priorities for FY 2022
 - Recommendation on unit contingency rate for FY 2022
 - Recommendation on unit savings target
- **Early Learning Campus overview**
- **Subcommittee updates**

FY 2021 Budget Overview and Status

FY 2021 University-Level Budget Drivers and Assumptions

- **Revenues**

- Decrease in gross tuition and fee revenues (projected enrollment decrease; on-line tuition rate repricing)
- Decrease in investment income (due to markets and lower short-term interest rates)
- Enrollment decrease
- Slight increase in state appropriations due to performance funding: +\$423k
- Decrease in clinical due to Pediatrics transfer to Norton's (expense decreased, too)
- Decrease in Athletics' and other self supportive activities due to COVID-19 impacts

- **Expenses**

- Annualized cost of January 1, 2020 salary increase: +\$2.6 million
- University-funded health insurance cost: +\$2.5 million
- Enterprise Resource Planning system (1/2 year): +\$2.5 million
- Utility expenses: +\$2.0 million
- Institutional financial aid: +\$1.8 million
- Various college/department allocations: +\$5.7 million
- COVID related (cleaning, PPE)

The FY 2021 General Fund Balancing Strategy:

(What we did to balance the budget and the plan)

- **Anticipated Shortfall: \$20.3 mill**
- **Actions to Balance Budget:**
 - Reduce Employer Retirement Contribution: \$7.2 mill
(2.5% base + 2.5% optional)
 - Increased Unit Contingency Requirement:
 - Partial Use of Contingency \$13.1 mill
- **Review status in January to determine future measures (good and bad)**

Preliminary

FY 2021 Budget-to-Actual thru December: Revenues

Revenues	FY 2021				FY 2020	Year-over-Year	
	Annual Budget	YTD December	% Realized	Status	YTD December	\$ Change	
<i>General Funds</i>							
Tuition and Fees (inc. spring billing)	325,927,672	301,904,672	92.6%	↑	296,522,432	5,382,241	2% tuition rate increase; improved fall-to-fall enrollment performance
State Appropriations	127,056,800	69,881,300	55.0%	✓	69,648,500	232,800	Improved performance funding
Transfers In	23,967,589	5,014,542	20.9%	✓	7,235,817	(2,221,275)	
Other Revenue	14,206,997	6,051,669	42.6%	!	8,646,042	(2,594,373)	Invest income; Early Learning Campus; Internat. Learning
Auxiliaries	13,132,518	10,076,943	76.7%	✓	11,066,695	(989,751)	Parking; Housing
Hospital-Related	9,308,327	2,394,716	25.7%	✓	4,373,791	(1,979,075)	Primarily timing-related
General Funds Total	513,599,903	395,323,843	77.0%	✓	397,493,277	(2,169,434)	
<i>Funds received in prior periods</i>	3,000,000	0			0		
<i>Non-General Funds</i>							
UL Research Foundation	501,106,844	287,924,762	57.5%	↑	268,350,675	19,574,087	See "Description of Notable Revenue Changes" section
UL Athletic Association	107,377,000	54,543,940	50.8%	!	113,234,267	(58,690,327)	Revenue decreased due to occupancy limits
UL Foundation	56,383,000	18,131,416	32.2%	!	24,595,210	(6,463,794)	Reduced spend policy rate for FY 2021
Other Department Funds	40,914,903	15,553,036	38.0%	✓	13,351,981	2,201,055	
<i>Funds received in prior periods</i>	2,538,547	0			0	0	
Non-General Funds Total	708,320,294	376,153,154	53.1%	✓	419,532,133	(43,378,979)	
Total Revenues	\$1,224,920,197	\$771,476,997	63.0%	✓	\$817,025,410	(\$45,548,413)	

FY 2021 Budget-to-Actual thru December: Revenues

Description of Notable Revenue Changes

Revenues	Actuals (December)		Change	
	FY 2021	FY 2020		
Tuition and Fees	301,904,672	296,522,432	5,382,241	2% tuition rate increase; improved fall-to-fall enrollment performance
UL Research Foundation	287,924,762	268,350,675	19,574,087	
<i>Sponsored Research</i>	<i>65,140,041</i>	<i>64,503,907</i>	<i>636,134</i>	
<i>Pass-through financial aid</i>	<i>24,595,735</i>	<i>22,853,587</i>	<i>1,742,148</i>	
<i>CARES Act</i>	<i>1,334,270</i>	-	<i>1,334,270</i>	<i>Non-recurring funds in FY 2021</i>
<i>Clinical-related activities</i>	<i>168,425,009</i>	<i>157,346,212</i>	<i>11,078,797</i>	<i>Mostly Dental IGT & other pass-through IGT funds to UL Health</i>
UL Athletic Association	54,543,940	113,234,267	(58,690,327)	
UL Foundation	18,131,416	24,595,210	(6,463,794)	




Preliminary

FY 2021 Budget-to-Actual thru December: Expenses

Expenses	FY 2021				FY 2020		
	Annual Budget	YTD December	% of Budget	Status	YTD December	Change	
<i>All Funds</i>							
Salary	555,714,327	262,350,962	47.2%	↑	275,907,303	(13,556,341)	Mostly due to Peds transfer to Norton; plus reduction from furloughs
Fringe Benefits	143,439,172	58,928,327	41.1%	↑	71,764,840	(12,836,513)	No retirement benefits in July; partial in Aug.-Oct.; Peds shift to Norton's
Operating	313,684,374	172,521,638	55.0%	✓	205,894,912	(33,373,274)	See "Description of Notable Expense Changes" section
Financial Aid	133,968,819	70,180,188	52.4%	✓	69,063,200	1,116,988	
Capital Asset & Debt Service	54,099,395	17,978,607	33.2%	✓	14,630,234	3,348,373	Primarily timing-related
Utilities	24,014,110	8,015,434	33.4%	✓	7,962,423	53,011	
Total Expenses	\$1,224,920,197	\$589,975,156	48.2%		\$645,222,911	(\$55,247,755)	
Revenue Over/(Under) Expenses	\$0	\$181,501,841			\$171,802,499	\$9,699,342	

FY 2021 Budget Shown with Mitigation Actions Applied

Status Indicators

- Better than Expected 
- As Expected 
- Worse than Expected 

FY 2021 Budget-to-Actual thru December: Expenses

Description of Notable Expense Changes

Expenses	Actuals (December)		Change	
	FY 2021	FY 2020		
Salaries and Wages	262,350,962	275,907,303	(13,556,341)	Largely due to Peds personnel transfer to Norton's
Fringe Benefits	58,928,327	71,764,840	(12,836,513)	Retirement suspension for July; partly restored Aug.-Oct.
Financial Aid	70,180,188	69,063,200	1,116,988	
Operating	172,521,638	205,894,912	(33,373,274)	
<i>ULP Support</i>	106,390	6,177,342	(6,070,953)	ULP payments/support decreased in FY21
<i>External Services</i>	20,070,113	35,834,656	(15,764,544)	ULP contractual, among others
<i>Travel</i>	2,428,575	8,832,939	(6,404,363)	Impact of COVID-19 travel restrictions
<i>Subscriptions</i>	13,021,900	15,441,868	(2,419,968)	Partially due to lower library subscriptions
<i>Services</i>	4,475,496	7,699,154	(3,223,658)	
<i>IT equipment & services</i>	2,794,747	(1,272,551)	4,067,298	Influenced by COVID-19/online requirements; partially funded from CARES

Spring Enrollment Update

FTE Enrollment Status (COB 1/12/21)

	Professional	Graduate	Undergrad	
This Spring				
Budgeted FTEs	1,485	3,660	11,482	
As of 1/12/21	1,448	3,799	11,614	
Difference as of 1/12/21	(37)	139	132	234

Tuition Billing and Open Balance Trends

Term	Billed Tuition	Amounts Outstanding	Pct Outstanding
Summer 2018	24,925,055	3,046,766	12%
Summer 2019	25,234,595	2,974,662	12%
Summer 2020	27,929,542	4,467,189	16%
Fall 2018	150,232,391	9,830,176	7%
Fall 2019	153,526,455	11,508,836	7%
Fall 2020	157,064,780	13,446,857	9%
Spring 2019	139,708,537	37,294,572	27%
Spring 2020	143,393,548	36,695,986	26%
Spring 2021	146,277,650	52,197,440	36%

FY 2021 Budget Balancing Levers

Budget “Release” Triggers

- **Tuition revenues for spring semester must meet or exceed budget**
 - Retaining students is key
 - Colleges DIRECTLY benefit and need to leverage their aid accounts
 - Ongoing Student Success and related efforts by Enrollment Management
 - Everyone “owns” student success — deans, faculty, staff, administrators
- **No erratic upswings in expenses**
- **No significant changes in other revenue streams, such as housing**
- **State support looks to be secure for the year !!**

Budget Reduction “Release” Analysis

Original Budget Deficit	20,261,675				
			<u>Needed to Balance</u>		<u>Internally Budgeted</u>
					<u>Difference</u>
Lower retirement contribution		7,175,000		7,175,000	-
Unit contingency		13,086,675		17,448,000	4,361,325
		20,261,675		24,623,000	
			Fall amt over budget		2,400,000
			Spring enrollment over budget		-
			Dollars to possibly return		6,761,325

Tuition Billing and Open Balance Trends

Term	Billed Tuition	Amounts Outstanding	Pct Outstanding
Summer 2018	24,925,055	3,046,766	12%
Summer 2019	25,234,595	2,974,662	12%
Summer 2020	27,929,542	4,467,189	16%
Fall 2018	150,232,391	9,830,176	7%
Fall 2019	153,526,455	11,508,836	7%
Fall 2020	157,064,780	13,446,857	9%
Spring 2019	139,708,537	37,294,572	27%
Spring 2020	143,393,548	36,695,986	26%
Spring 2021	146,277,650	52,197,440	36%

FY 2021 Budget Release Options and Dollar Impacts

A. Release portion of contingency

- Every percentage point = ~\$3.5M
 - Total of \$17.5M in unit-held contingency

B. Restore portion of retirement

- Every percentage point = ~\$0.3M per month

C. Other: combination of A and B

D. Other thoughts or strategies

Examples of Release Options

Dollars to possibly return		6,761,325							
Costs to:									
Restore 1 pct of Unit contingency		3,500,000		Example:	3,500,000	restore 1% of unit contingency			
Restore 1 pct of retirement Feb - June		1,500,000			3,000,000	restore 2 pts of retirement to 4.5% contribution			
					6,500,000				
cost to restore full retirement (7.5% base)		7,500,000							
Restore to these levels thru 6/30									
	7.5%	7,500,000							
	7.0%	6,750,000							
	6.5%	6,000,000							
	6.0%	5,250,000							
	5.5%	4,500,000							
	5.0%	3,750,000							
	4.5%	3,000,000							
	4.0%	2,250,000							

Survey Input — FY 2021 Budget Release Options

A. Release portion of contingency	7.4%
B. Restore portion of retirement	48.1%
C. Maintain status quo (no changes)	0.0%
D. Other (combination of A & B)	44.4%

- **Discussion & Vote**

Other Updates and FY 2022 Budget Planning

Updates and Budget Planning

Updates:

- FY 2022 state budget
- COVID relief

FY 2022 budget planning:

- Ongoing financial challenges
- Discussion of budget priorities
- Unit contingency rates
- Unit savings target

Survey Results for FY 2022 Budget Priorities

- **Budget goal: structurally balanced operating budget that supports mission of the university and links to the strategic plan**
- **Discussion**

Financial aid	28.6%
Merit increase	28.6%
Fully fund retirement	14.3%
Strategic investments (non-specific)	9.5%
Diversity and inclusion	9.5%
Equity adjustments	4.8%
No furloughs	2.4%
Enhance student life	2.4%
Total	100.0%

Contingency Rate

Contingency purpose:

- Unrestricted general fund reserve in each Unit to cover unexpected and recurring revenue losses or expense increases due to factors outside an individual unit's or the university's control (e.g., state appropriation cut).

- **Survey results for FY 2022 contingency rate:**

Rate	Vote %
1.0%	0.0%
2.0%	9.1%
3.0%	4.5%
4.0%	4.5%
5.0%	59.1%
Other	22.7%
	100.0%

Savings Target

Savings program purpose:

- Pool of unrestricted funds within each unit that allows for unit-driven long-term resource planning as well as the ability to fund extraordinary and strategic **one-time** unit expenses during the year (e.g., dean recruitment, accreditation reviews, new program start-up costs, renovations).

Open-ended survey questions:

- Consensus that savings programs should be required
 - General agreement that savings program should maintain a minimum percentage of a unit's general fund expense budget; but few responses on rate (ranging from 1-3%)
 - General agreement that cash deficits within a unit should be included when calculating savings amount
-
- **Vote on FY 2022 savings target for budget planning purposes**

Early Learning Campus

- **Presentation from Dean Lingo**

Subcommittee Updates

- **Administrative Review**
- **New Funding**

Looking Ahead

Future Meeting Topics and Next Steps

- **Continue discussion on ELC**
- **Possible future discussion items:**
 - Salary and equity
 - Tuition remission
 - Institutional financial aid
 - Employee health insurance rates
 - University Libraries
 - Deferred maintenance
 - Enterprise Resource Planning (ERP) system



Questions?

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