



## FACULTY SENATE

### Financial & Physical Planning Committee

March 4, 2019 2:00 – 3:30 pm  
Waterman 427A

### Minutes

**Present:** Andrew Barnaby (CAS), Bryan Dague (CESS), Laura Gewissler (LIB), Teresa Cahill-Griffin (CNHS), Joel Goldberg (CAS), Charlotte Malling (SGA), Cathy Paris (Faculty Senate President), Don Ross (CALS)

**Absent:** Steven Ades (COM), Terri Donovan (RSENR), Jackie Gillen (GSS), Timothy Higgins (LCOM), Joanne Pencak (GSB)

**Guests:** Thomas Chittenden (Faculty Senate President Elect)

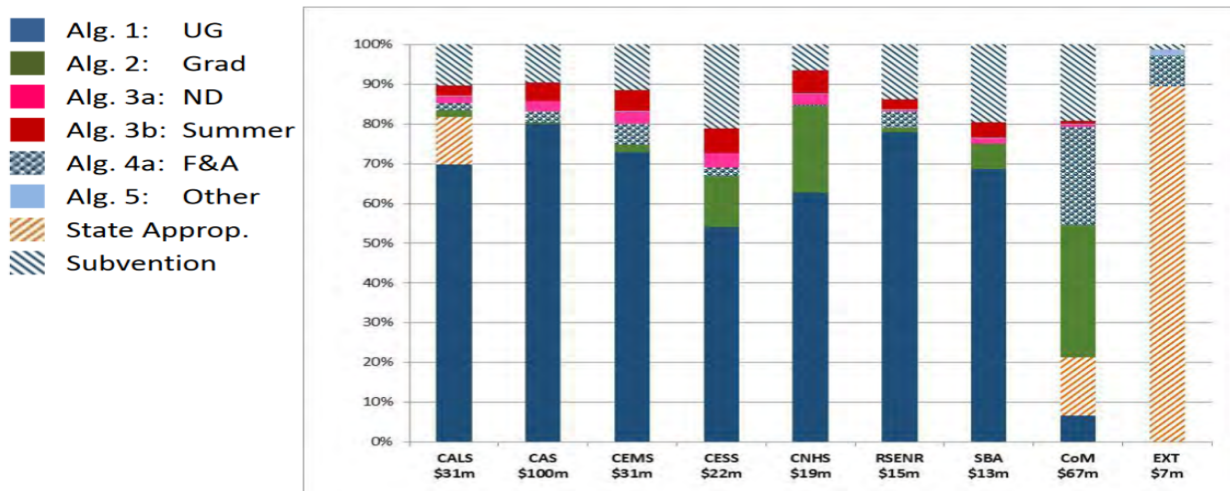
The meeting was called to order by chair Ross at 2:05 pm in Waterman 427A

- 1. Approval of February 4th 2019 minutes.** The minutes of February 4, 2019 were approved as written.
- 2. IBB Overview.** Don provided the committee with an overview of IBB revenue algorithms. His presentation included these slides.

*For illustrative and discussion purposes only*

To ensure accuracy and consistency in the interpretation of presented information, all questions and comments should be directed to your local resource identified on [FAB's IBB web site](#).

## Responsibility Centers' Revenue Composition



From: IBB Overview & Multi-Year Planning Scenarios IBB Training & Information Session January 8 & 9, 2015 Alberto Citarella, Budget Director [https://www.uvm.edu/~ofabweb/Budget\\_Building\\_Materials/IBB/IBB%20Multi-Year%20Planning%20Scenarios%20for%20web.pdf](https://www.uvm.edu/~ofabweb/Budget_Building_Materials/IBB/IBB%20Multi-Year%20Planning%20Scenarios%20for%20web.pdf)

Undergrad student credit hours used for Algorithm 1					Algorithm 1				
	FY16	FY17	FY18	FY19	Total Headcount; Fall/Spring Average (UG)				
					CALS	FY16	FY17	FY18	FY19
CALS	35,415	36,518	37,077	36,529	CALS	1,423	1,444	1,417	1,375
CAS	135,769	137,581	136,860	132,519	CAS	4,146	4,218	4,330	4,330
CEMS	42,666	45,058	49,386	50,629	CEMS	1,144	1,221	1,309	1,389
CESS	18,105	17,770	17,644	19,430	CESS	695	690	712	705
CNHS	16,900	17,017	17,209	18,098	CNHS	905	897	918	924
COM	9,567	11,018	13,754	13,713	RSENR	607	665	711	726
IO	2,443	2,271	2,064	2,212	SBA	902	893	865	852
RSENR	15,809	16,751	18,204	17,610	COM	n.a.	n.a.	n.a.	n.a.
SBA	15,032	16,247	17,179	17,204	INTRD	n.a.	n.a.	n.a.	n.a.
Total	291,704	300,231	309,378	307,944	CDE	n.a.	n.a.	n.a.	n.a.
					Total	9,821	10,027	10,261	10,300
Percent of total student credit hours					Percent of total undergrad enrollment				
CALS	12.1%	12.2%	12.0%	11.9%	CALS	14.5%	14.4%	13.8%	13.3%
CAS	46.5%	45.8%	44.2%	43.0%	CAS	42.2%	42.1%	42.2%	42.0%
CEMS	14.6%	15.0%	16.0%	16.4%	CEMS	11.6%	12.2%	12.8%	13.5%
CESS	6.2%	5.9%	5.7%	6.3%	CESS	7.1%	6.9%	6.9%	6.8%
CNHS	5.8%	5.7%	5.6%	5.9%	CNHS	9.2%	8.9%	8.9%	9.0%
COM	3.3%	3.7%	4.4%	4.5%	RSENR	6.2%	6.6%	6.9%	7.0%
IO	0.8%	0.8%	0.7%	0.7%	SBA	9.2%	8.9%	8.4%	8.3%
RSENR	5.4%	5.6%	5.9%	5.7%					
SBA	5.2%	5.4%	5.6%	5.6%					

Data taken from different files found here: [https://www.uvm.edu/~ofabweb/Budget\\_Building\\_Materials/IBB/](https://www.uvm.edu/~ofabweb/Budget_Building_Materials/IBB/)

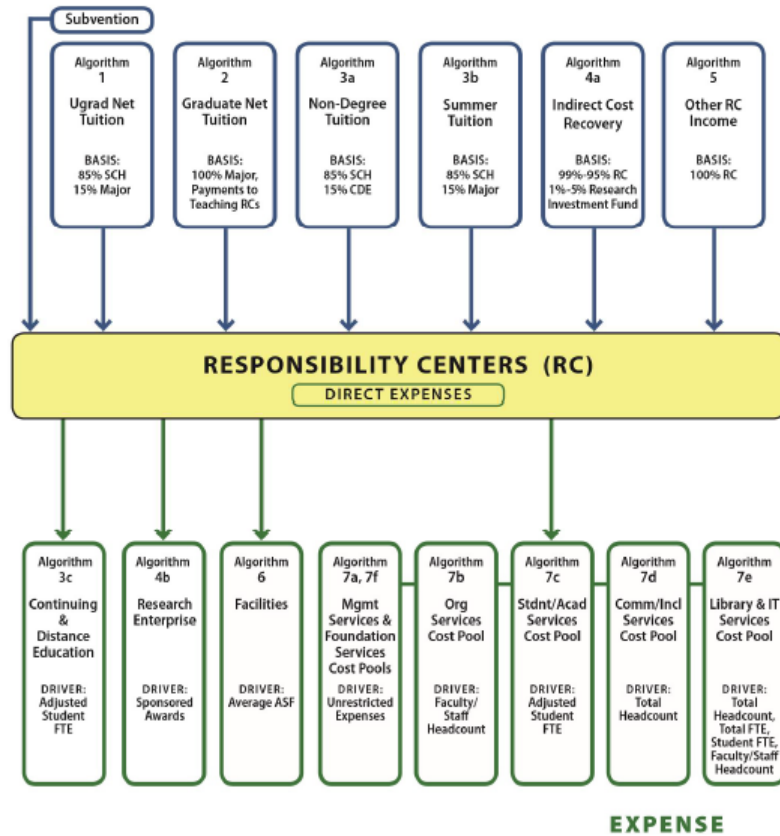
No reconciliation errors exist  
PSBG2019.Orig12

#### FULL YEAR 2019 BASE BUDGET

	CALS	CAS	CEMS	CESS	CNHS	RSENR	GSB	COM	Research	CDE	SIF	Total
<b>REVENUES</b>												
IBB State and Other Support (DIBBL)	9,564	0	0	0	0	0	0	9,771	516	0	0	19,851
Undergrad Net Tuition (E4701)	21,595	72,607	26,017	10,383	12,070	11,073	10,357	7,158	0	0	0	171,261
StApprop and Other Support (E4711)	2,857	9,606	3,442	1,374	1,597	1,465	1,370	947	0	0	0	22,658
Endow/Invest/Giv (E4713)	737	2,478	888	354	412	378	353	244	0	0	0	5,845
IBB Algorithm 1 (DIBBA)	25,190	84,691	30,347	12,112	14,079	12,916	12,081	8,349	0	0	0	199,764
F_S Grad Tuition (E4702)	651	263	1,340	4,458	6,568	650	1,778	2,568	0	0	0	18,277
F_S CrossColl Teaching (E4703)	(88)	0	100	0	(195)	25	0	180	0	0	0	23
F_S Interdisc Prog (E4704)	81	0	10	0	0	(15)	0	40	0	0	0	116
IBB Algorithm 2 Fall/Spring (DIBBB)	645	263	1,450	4,458	6,374	660	1,778	2,788	0	0	0	18,415
Smr Grad Tuition (E4718)	72	0	100	350	1,049	75	186	377	0	0	0	2,210
Smr CrossColl Teaching (E4719)	(4)	0	0	0	(146)	(5)	0	175	0	0	0	20
Smr Interdisc Prog (E4720)	0	0	0	0	0	0	0	2	0	0	0	2
IBB Algorithm 2 Summer (DIBBC)	68	0	100	350	903	70	186	554	0	0	0	2,232
IBB Algorithm 3a (DIBBD)	425	1,605	708	430	513	71	319	415	0	823	0	5,309
IBB Algorithm 3b (DIBBE)	1,244	6,038	1,666	537	427	337	462	484	0	483	0	11,678
F&A Revenue Distrib (E4708)	1,520	867	1,900	423	232	550	8	19,000	1,800	0	0	26,299
OVPR Payment (E4709)	(76)	(43)	(95)	(21)	(12)	(28)	(0)	(950)	450	0	775	0
IBB Algorithm 4a (DIBBG)	1,444	824	1,805	402	220	523	7	18,050	2,250	0	775	26,299
IBB Subvention (DIBBS)	1,669	14,170	2,394	3,914	740	1,778	2,686	12,653	0	0	(3)	40,000
Total IBB Revenue	40,249	107,590	38,469	22,202	23,256	16,355	17,519	53,064	2,766	1,306	772	323,549
UG Net Tuition (Aid)	(22)	0	0	0	(15)	0	0	(40)	0	0	0	(77)
Medical Tuition (DMDTU)	0	0	0	0	0	0	0	25,908	0	0	0	25,908
Fees (DFEES)	21	0	0	31	127	42	15	341	0	724	0	1,301
External Sales (DEXSL)	0	0	0	0	0	0	0	0	0	0	0	0
IE Indirect and Support (DFARB)	267	234	53	127	39	120	33	501	0	0	0	1,375
Internal Sales (DINSL)	0	0	0	0	0	0	0	0	0	0	0	0
Internal Transfers (DOTHE)	0	0	0	0	0	0	0	0	0	0	0	0
Net Tuition Stabilization Rev (DPRYR; S100188)	378	1,272	456	182	211	194	181	125	0	0	0	3,000
Prior Yr Carryforwards (DPRYR; excl S100188)	0	1,813	0	0	0	0	0	0	0	0	0	1,813
Prior Yr Carryforwards (DPRYR)	378	3,085	456	182	211	194	181	125	0	0	0	4,813
Total Direct Revenue (& Aid)	644	3,319	509	341	362	356	229	26,836	0	724	0	33,320
<b>TOTAL REVENUE</b>	<b>40,893</b>	<b>110,909</b>	<b>38,978</b>	<b>22,543</b>	<b>23,618</b>	<b>16,711</b>	<b>17,748</b>	<b>79,900</b>	<b>2,766</b>	<b>2,030</b>	<b>772</b>	<b>356,869</b>

# UNIVERSITY OF VERMONT INCENTIVE-BASED BUDGET MODEL

## REVENUE

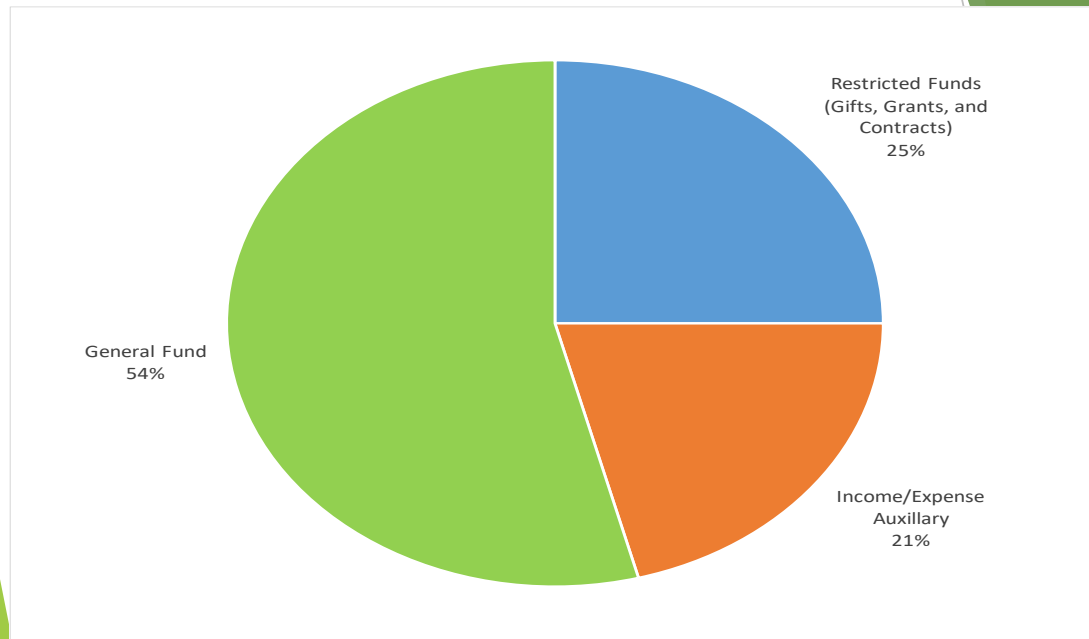


Page 3 from IBB2.0 manual:  
[https://www.uvm.edu/~ofabweb/Budget\\_Building\\_Materials/IBB/IBB%202.0%20Manual.pdf](https://www.uvm.edu/~ofabweb/Budget_Building_Materials/IBB/IBB%202.0%20Manual.pdf)

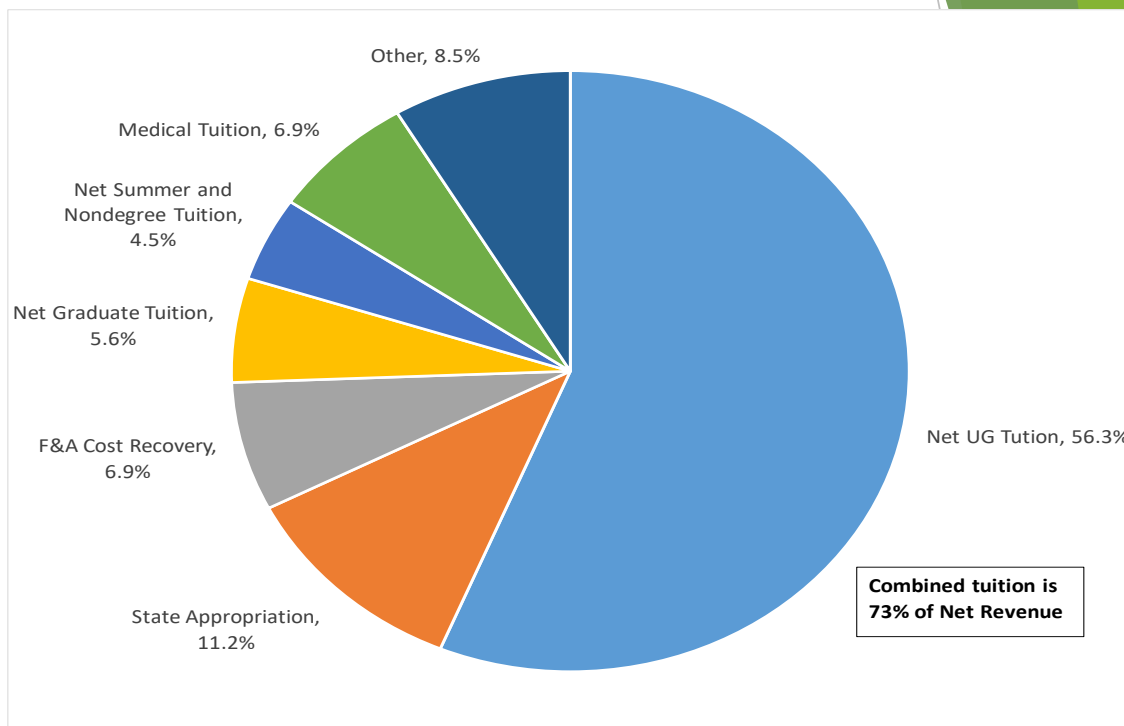
3. UVM Budget, Richard Cate. Richard meet with the committee to share information on the UVM budget.

FPPC Presentation  
 March 4, 2019

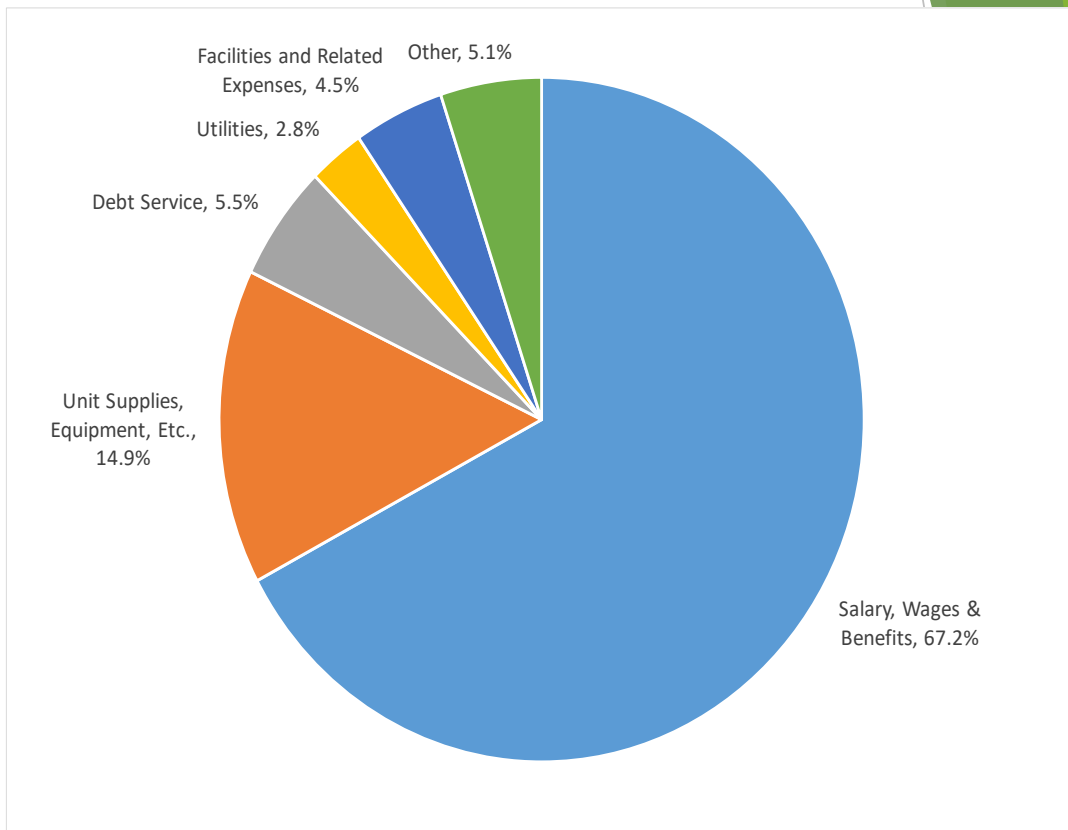
## FY 2019 Total Operating Budget: \$683 million



## FY 2019 General Fund Revenue



# FY 2019 General Fund Expenses



Multi-year  
Strategic  
Financial Planning

# Assumptions for Baseline Scenario FY 2020-2025

## Revenue

- ▶ Flat undergraduate enrollments: 10,385 UG's\*
- ▶ 3.0% annual gross tuition increase
  - ▶ 1.5% annual net tuition increase
- ▶ 20% cumulative growth in Non-degree, Graduate, Summer enrollments

## Expenses

- ▶ 2.0% annual salary increases
- ▶ No change in the number of faculty and staff

## Capital Projects

- ▶ No additional investments in deferred maintenance after FY 2020
- ▶ No increase in debt
- ▶ No new capital projects

*\* Fall/Spring average; projected FY 2019 F/S average is 10,365.*

# Evaluation of Baseline and Alternative Scenarios

## Financial Ratios

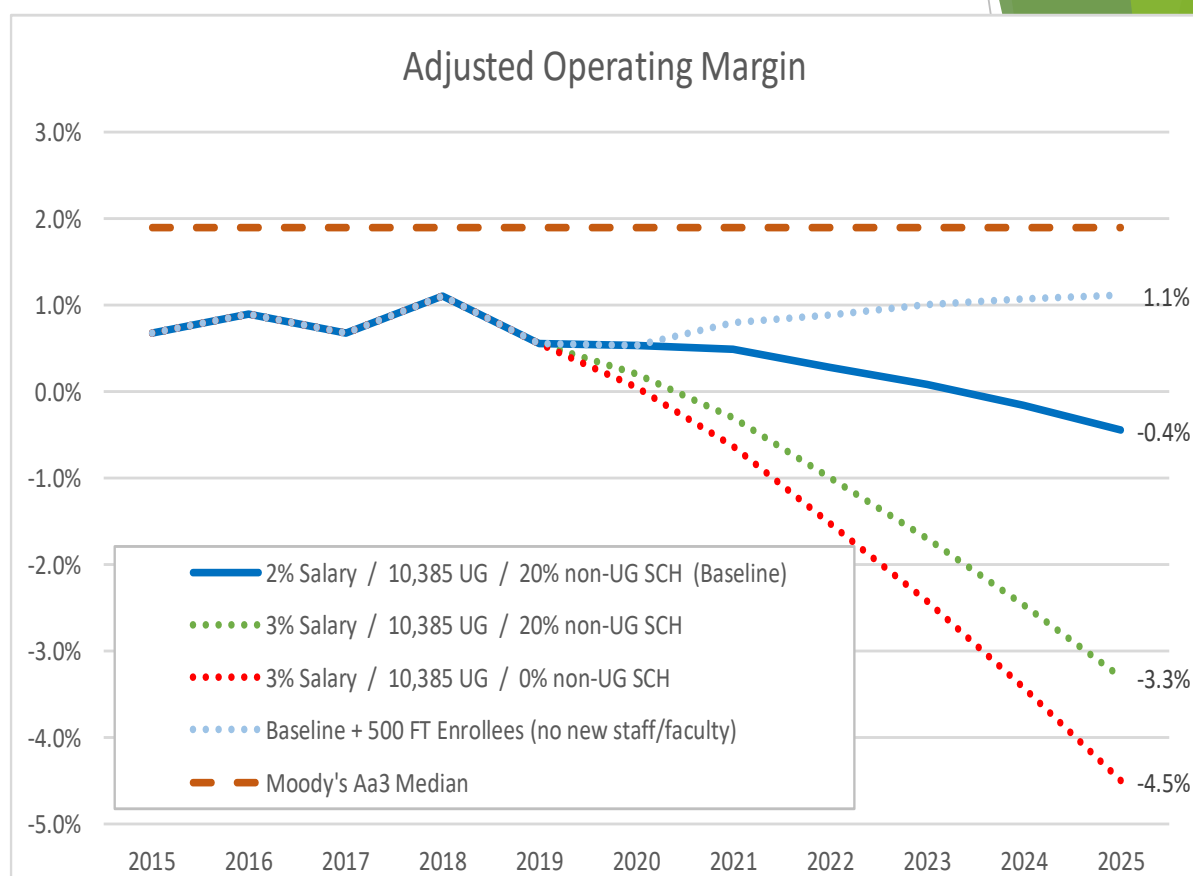
- ▶ We evaluated the baseline and the alternative scenarios against **financial ratios** used by rating agencies, creditors, benefactors, parents, peers, board members, and the administration.
  - ▶ Adjusted Operating Margin: Are we living within our means?

## Cumulative Budget Reductions

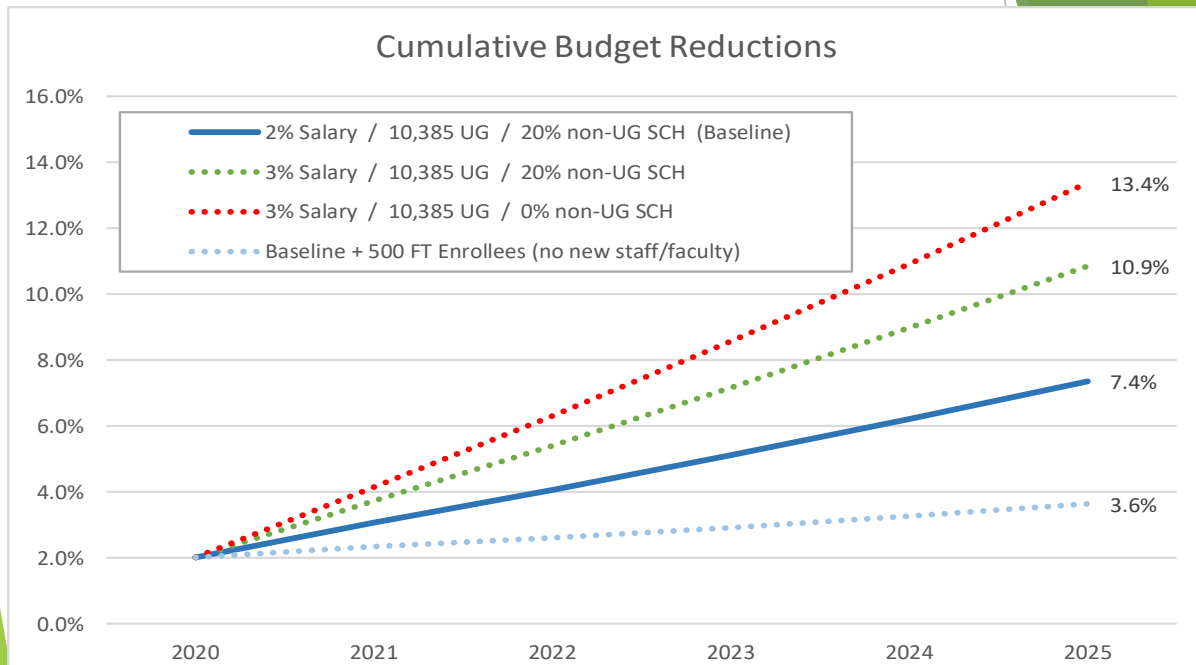
- ▶ We also evaluated the baseline and alternative scenarios to estimate the **Cumulative Budget Reductions** needed when expense growth exceeds revenue growth.
  - ▶ The **Cumulative Budget Reduction** is the sum of the budget reductions between FY 2020 and FY 2025 that would be required to ensure a balanced budget, and ensure that our Operating Margin stays within acceptable ranges.

## Financial Ratios (FY 2020 - FY 2025)

### Impact of Salaries and Enrollments *Adjusted Operating Margin*



## Impact of Salaries and Enrollments Cumulative Budget Reductions



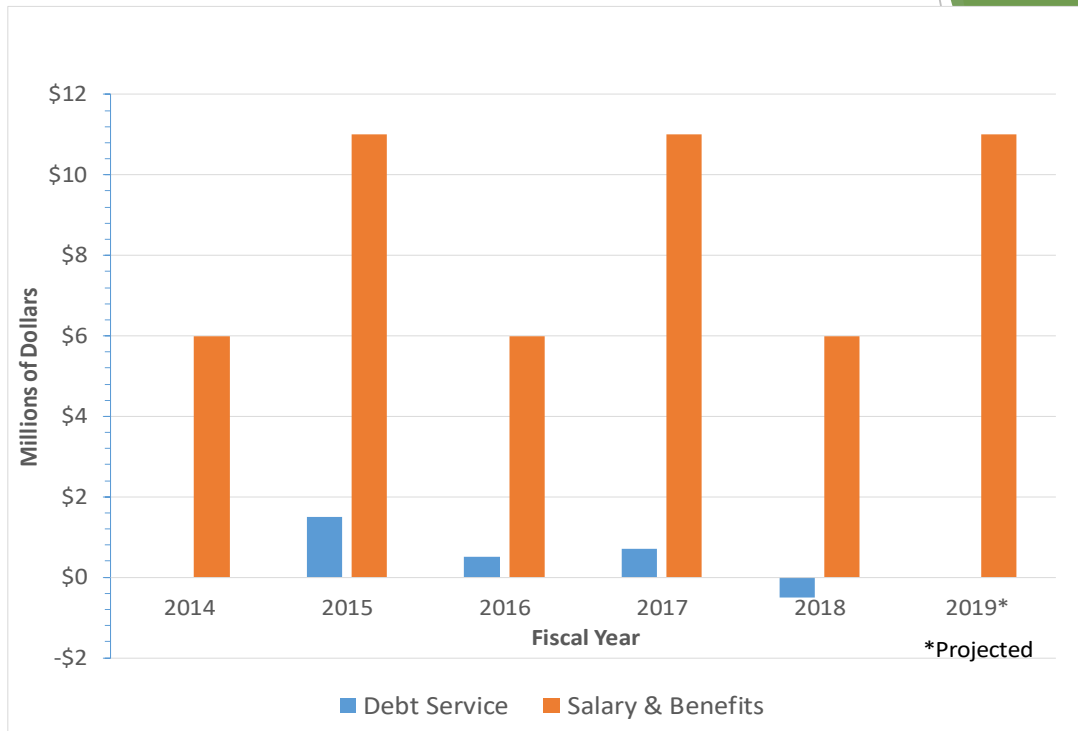
## Summary of Cumulative Budget Reductions

Baseline	Budget Reductions FY20-FY25	
2% Salaries / 10,385 UG's / 20% Growth in Non-UG /	-7.4%	-\$22m
Changes from Baseline	Additional Budget Reductions	
Salaries at 3%	-3.5%	-\$11m
Annual growth of 100 FT admits/year (Grad,ND,Summer,UG)* (in addition to 20% cumulative growth in non-UG's)	+3.5%	\$11m
Annual growth in retention of 100 FT UG's/year*	+3.5%	\$11m
Salaries at 1%	+3.5%	\$11m

\* No new faculty or staff



# Growth in Cost of Debt Service vs. Salaries and Benefits

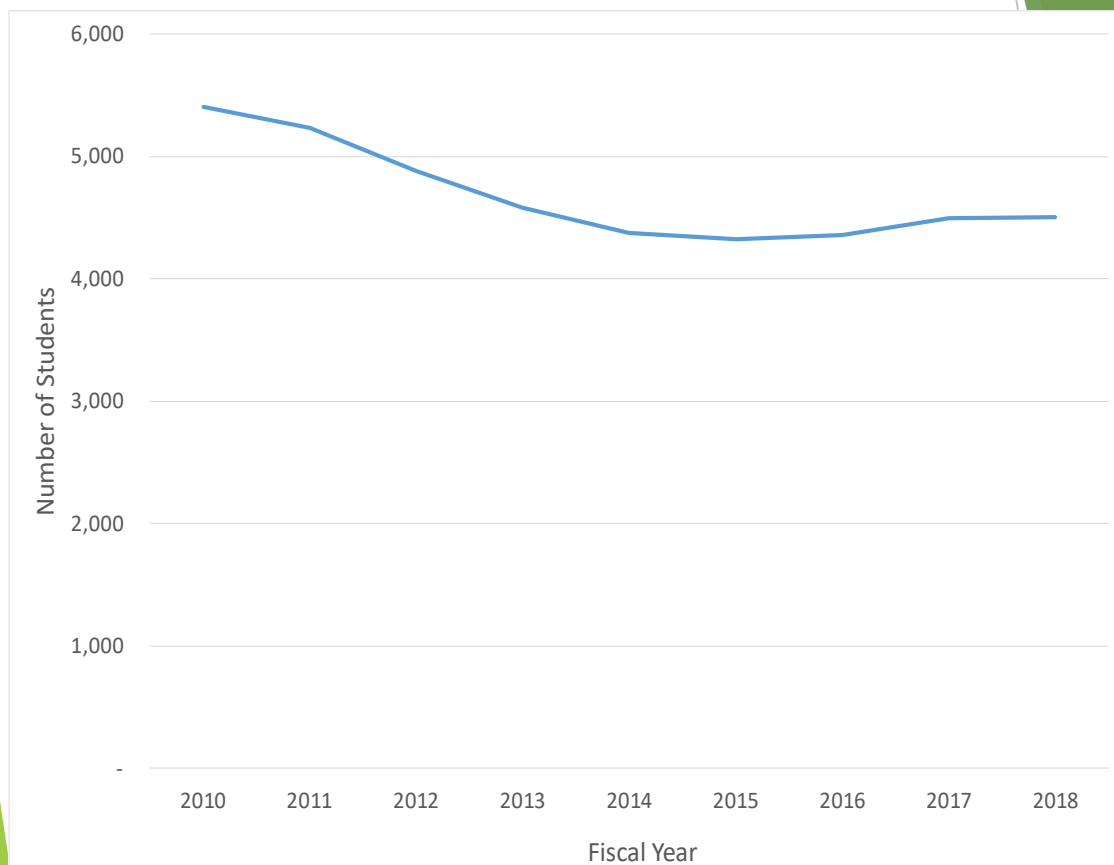


## What These Figures Tell Us

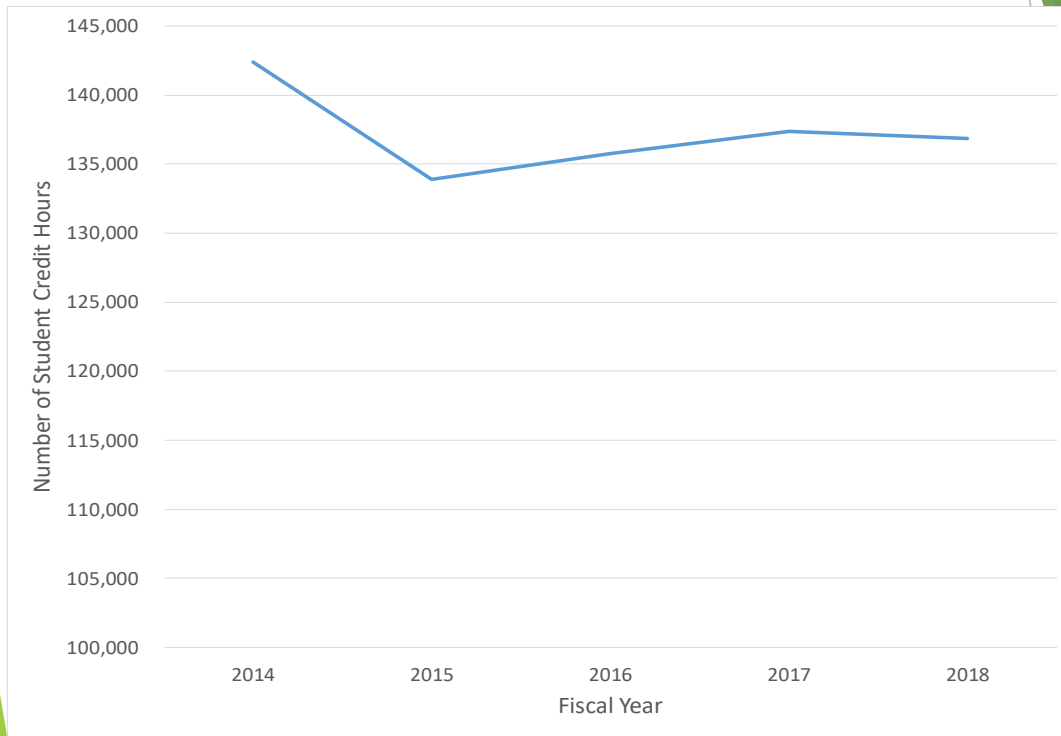
- ▶ A 3.0% annual tuition increase is not adequate to balance the budget without applying other strategies.
- ▶ Revenue growth each year, via multiple strategies, will continue to be essential to balancing the budget.
- ▶ Salary increases must be constrained.
- ▶ Every effort must be made to become more efficient and eliminate redundancies.
- ▶ Retention will be even more important in an era of limited capacity to grow enrollment.

# College of Arts and Sciences Data

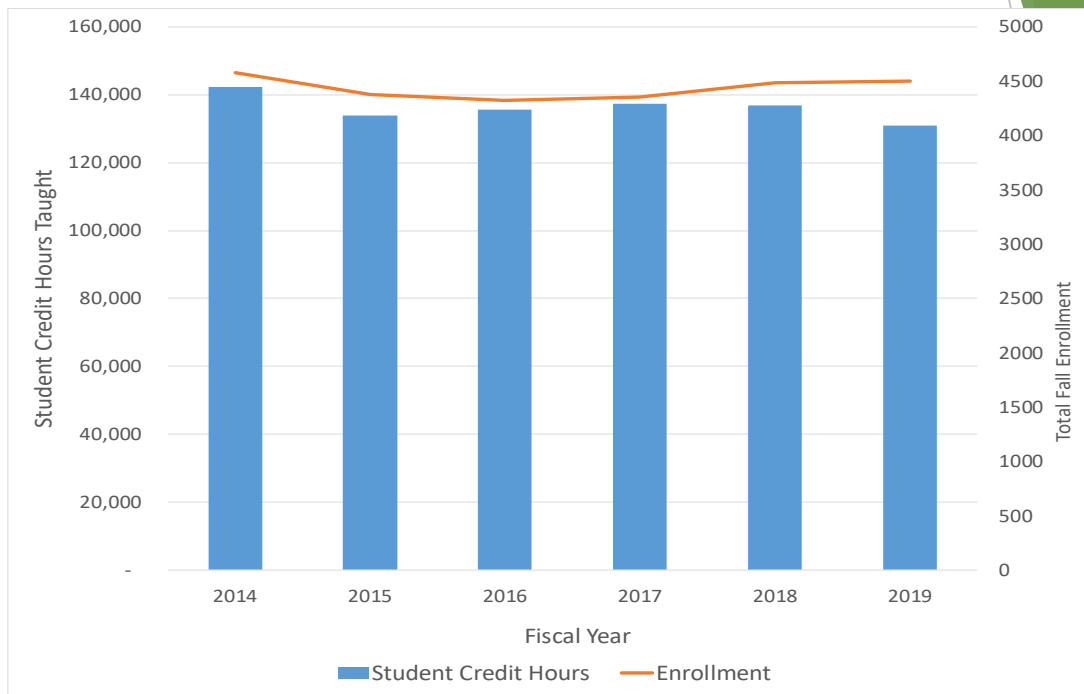
## CAS Undergraduate Enrollment



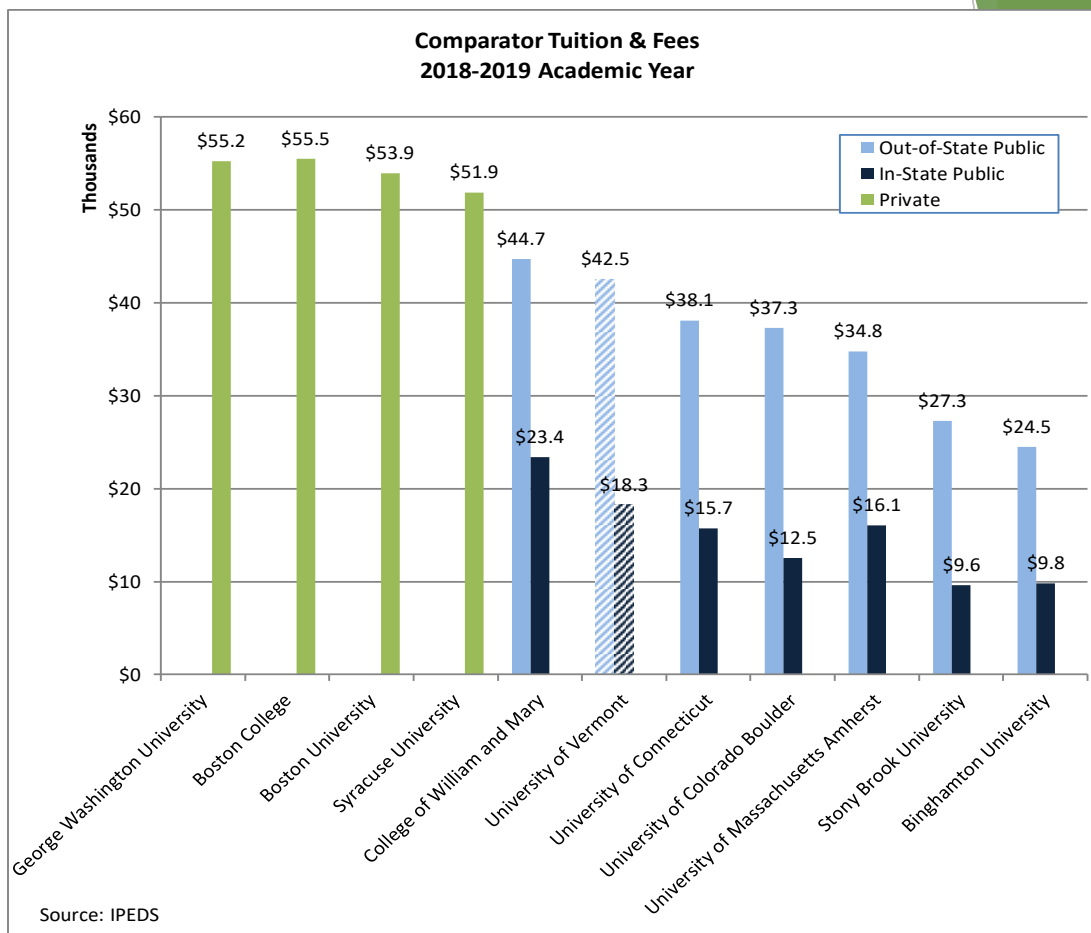
## CAS Undergraduate Student Credit Hours Taught



## CAS Student Credit Hours vs. Enrollment



# Tuition Pricing Challenge



4. **Old Business.** There was no old business at this time.
5. **New business.** There was no new business at this time.
6. **Adjourn** 3:43pm

<b>FPPC</b>	
<b>Monday</b>	
2:00-3:30	
<b>4/8/19</b>	427a
<b>5/6/18</b>	427a