

University Budget Advisory Committee

Minutes – 9/1/2022 Meeting

At-large faculty representatives present: Laura Bylenok (Asst. Professor, CAS) – Chair
Brad Hansen (Professor, CAS)
Drew Delaney (Senior Lecturer, CAS)
Dan Hubbard (Assoc. Professor, CAS)

College faculty representatives present: Liane Houghtalin (Professor, CAS) – Co-Secretary
Alexis Rutt (Asst. Professor, COE)
Smita Jain Oxford (Senior Lecturer, COB)

USC representatives present: Arin Doerfler (Senior Accountant-Fixed Assets) –
Co-Secretary
Kim McManus-Carini (Operations and Finance
Coordinator)
Ryan Snellings (Collections Manager)

Athletics representative absent: Patrick Catullo (Director of Athletics)

Student representative absent: Ellelyshia Ardo (SGA)

Guest: Paul Messplay, VP for Admin & Finance, CFO

The meeting was called to order at 4:02 pm. Summary of discussion:

1. Dr. Bylenok announced that meetings would be recorded. Recordings will serve to aid not only those taking minutes, but also absent members in keeping abreast of the work of the committee. Recordings are not to be shared outside the committee.
2. Committee member introductions.
3. Mr. Messplay confirmed upcoming retirement and search is underway to fill the position.
4. Mr. Messplay discussed the current biennium state budget, General Assembly 2022. UMW is in the first year of the new Biennial budget FY22-23. This budget was introduced by Former Governor Northam and amended by Governor Youngkin and the General Assembly.

a. Operating:

- i. 5% salary increase effective July 10, 2022. An additional 5% increase effective June 10, 2023**
 1. Increase is for faculty and staff.
 2. June 10, 2023 increase could be impacted by economic downturn, though currently the state is flush with cash. Reserves and rainy-day funds are at record highs.
 3. Governor Youngkin's campaign platform included returning funds to Taxpayers, so that could further reduce funding available to fund Commonwealth priorities, including Higher Ed.
 4. Overall sense is that the state feels that Higher Ed received all the funds they needed in the last session, providing more funds to Higher Ed does not appear to be a priority going into the next session.
 5. Based on Virginia State Financing Policy, half of state mandated salary increase is funded by Tuition and Fees.
- ii. \$1,000 bonus for all full-time employees on December 1, 2022. No bonus in 2023-24.**

- iii. **\$2.1 million in unobligated operating support intended to minimize tuition increases. Informally at 3.0%, but no specific cap language.**
 - 1. **UMW adopted a 3% tuition increase but is providing a one-time scholarship to in-state undergraduates equal to the amount of the increase.**
 - a. Out-of-state and graduate students are not included in the realm of concern for minimizing tuition increases. End of June 2022, University Presidents received a letter from the Governor stating that he really wanted Higher Ed to go back and not increase tuition rates.
 - i. Board of Visitors (BOV) passed UMW's Budget in Beginning of June – to meet the request, UMW is providing a one-time scholarship; funding pulled from reserves.
 - ii. FY23-24 Budget includes a BOV approved 3% tuition increase; though the BOV could roll back the tuition increase.
 - 1. Expecting pressure from the State to hold tuition flat in upcoming session.
 - a. In the past if tuition rates have been held flat, we've always received additional funds from the State to make up for the loss of revenue.
 - b. Additional funding will be requested during the next budget session.
- iv. **\$1,478,400 permanent adjustment for operating cost increases. (This is a continuation of \$739,200 in one-time funds provided in the 2021-22 budget plus an additional \$739,200.)**
- v. **\$480,000 for support for students, faculty and staff with disabilities.**
 - 1. A committee is being formed comprised of a wide cross-section of the university that will work together to plan how to best utilize the funds.
- vi. **Increase of \$287,300 in 2022-23 for need-based aid for in-state students. In 2023-24, the increase over current state funding is \$1,814,300. (Current state funding is \$4,151,562.)**
 - 1. Over the last two years, with COVID and the pandemic we received Federal Funds, HEERF (Higher Education Emergency Relief Funds), to help students with the economic strain of the pandemic. Those funds have been disbursed to students but will not be available going forward.
 - 2. In the last budget session, we acknowledged that we have students in the pipeline who have been relying on these funds and who will continue needing financial assistance; in response, the state increased need-based funding.
- vii. **\$500,000 in additional general fund support for Belmont and the James Monroe Museum.**

1. Belmont and JMM are operated on behalf of the state, moved under the umbrella of UMW. Over the years, additional state funding has been limited and did not keep pace with operating cost increases.
2. In recent years, UMW has had to subsidize the museums using revenue from the Auxiliary Comprehensive Fee. Private funds were depleted during COVID.
3. State funding will help with operating and maintenance costs.

b. Capital Outlay:

i. Theatre/Fine Arts Complex Renovation in construction pool at an estimated \$117.4 million.

1. Money is not directly appropriated for projects, but rather a pool is created and as projects move through the construction process we request monies from the pool.
2. Concern for rising costs associated with inflation and the time associated with completing projects.
 - a. Two phases of project:
 - i. Demolition of Russell and Marshall Hall/Site Preparation and construction of the Theatre
 - ii. Fine Arts Complex renovation
 - b. Working with Capital Outlay to package this project as a single project, having multiple components going at the same time to help with inflation costs.
 - i. UMW is already hearing that the folks who oversee capital in Richmond are recommending additional funds to address projected inflationary costs.
 - ii. Bad news from the state perspective is that no more money is going into capital projects – available funding will be used to address inflationary cost increases for approved projects already in the construction pool.
 - iii. To keep project on budget and advocate for any kind of cost increase funding we may get, we want to use a Construction Manager at Risk Process – Contractor gives us a guaranteed maximum price (GMP).
 1. Project price may come in a bit higher than what we anticipate, but the pressure is on the contractor to keep the cost down and to stay on budget.

ii. Campus-Wide Accessibility Improvements: \$11.3 million

1. We can make real progress with some of our challenges in our older buildings in terms of accessibility.
2. Committee to be established. UMW may bring in an outside consultant to help us do an assessment of our accessibility needs, prioritize those needs and do some cost estimating to utilize funding efficiently and effectively.
3. Estimating project will take a couple of years.

iii. Increase of \$414,238 in 2022-23 and \$421,558 in 2023-24 for maintenance reserve. These increases are over current funding support of \$1,671,520.

1. UMW can use state funds for Educational and General (E&G) Buildings – classrooms, labs, administrative buildings (Instructional and Instructional Support Facilities).
5. FY23-24 Budget is underway. Governor Youngkin will have a greater impact on amendments in comparison to the FY22-23
- a. We are going to limit our funding request to just those additional state funds that will allow us to hold tuition flat for in-state Undergraduate students and address some of the mandatory cost-sharing elements related to compensation and inflation.
 - b. Things to keep an eye out for in the next budget cycle:
 - i. What will the Tax Relief package look like?
 - ii. For higher education, the key issue will be the need to raise revenues to address operating cost increases and whether those increases will be covered using state funds, tuition and fee revenues or cost containment.
6. The meeting transitioned to questions.
- a. Dr. Bylenok asked about need-based aid and funding for Belmont and JMM being one-time funds or if that funding would be on-going in future budgets. Mr. Messplay confirmed that those funds are on-going and a permanent addition to the budget.
 - b. Dr. Bylenok asked about UMW's sustainability given both the sense that Higher Ed has received all they are getting and our smaller enrollment numbers– is this a place we will survive. Mr. Messplay said that if we can get the amount of additional state support that we are asking for as the trade-off for holding tuition flat then the University will be good. If we don't get the additional funds, then we will have to increase tuition and fees; can't hold a revenue base flat year after year, you will never catch up. We have already gone three years without a tuition increase. Enrollment challenges are real, demographic change and decline in graduating seniors is on our radar and we are planning for that from a budget perspective of where we might be in 2025-2026 to try to manage that. We have built enough reserves to keep us afloat and with careful budget planning, we will be able to be sustainable over the long-term.
 - c. Ms. Oxford asked about sharing the budget highlights from the 2022 General Assembly with colleagues. Mr. Messplay said the information is public and can be shared.
 - d. Mr. Hubbard asked about the state rules of funding not being allowed for dorm space, athletic space, etc. What about areas like the Link, which is technically dorm space, but can also be used for educational purposes. Mr. Hubbard asked about the issues with the construction folks over the summer and the imposed cost of going with low bids. Mr. Messplay said he tries to be as aggressive as he can legitimately argue for mixed use areas, calling it E&G. Addressing the construction – it was a low-bid situation and the contractor did not have the relationships it needed with subcontractors on the job site, hours worked were inconsistent and short of what was expected. Worked with the Attorney General's office to document all the problems we had with the contractor so that the contract could be terminated if needed. For all intents and purposes, we are done with that contractor. We still

have much work to be done, the next contractor will minimize disruptions on campus, working in sections.

- e. Dr. Houghtalin asked about the availability of the 2022 University Budget Plan and Tuition and Fees approved by the BOV. Mr. Messplay offered to send it to Ms. Doerfler for distribution. Mr. Messplay said that it provides the high level of composition of revenues and expenditures, though it does not get down to the department program level. Dr. Houghtalin acknowledged that part of the UBAC's charge is to submit a report to the UFC in the Fall, detailing how our spring budget recommendations were implemented in the current budget. Mr. Messplay said that it is outlined in the budget that he will email.
7. Mr. Messplay shared the 2023-24 Budget Development Timeline, providing the key points/dates of the process.
 - a. The administration requested that they receive UBAC's Budget Recommendations by Dec. 1st target date to allow for more time for the cabinet to deliberate our recommendations and the extent that cabinet is able to build them into the budget.
 - i. Dr. Bylenok - UBAC has agreed to commit to the Dec. 1st deadline.
 - ii. Dr. Houghtalin - Faculty handbook has a deadline of Mid-March, so ultimately we should propose a change to that handbook so it reads correctly for future committees.
 - b. Key Dates mentioned:
 - i. Nov. 1st – Early decision; offers data that can be used to refine enrollment projections
 - ii. Nov. 15th – Early action
 - iii. Nov. 15th-Dec 15th – most of the applications are in, providing an idea of how many students are at the top of the funnel, enough trend data that translates to enrolled students which allows us to refine our numbers for state budget.
 - iv. Dec. 20th (at the latest) – Governor informs the General Assembly of his recommended budget.
 - v. Jan. 11th - Short session Biennium for the General Assembly
 - vi. Jan. 30th – More admissions decisions
 - vii. Feb. 5th – General Assembly Money Committee's report provides House recommendations for both our budget and the state budget. Senate's recommendations. If House and Senate are aligned or we see commonality between the two recommendations, we can anticipate that those items will make it through the state budget process.
 - viii. Feb. 23rd – Conference committee releases their report and require members have the budget for 48 hours before voting on it.
 - ix. April 1st – Refine budget estimates based on admissions/enrollment.
 - x. April – We aim to get the budget to the BOV, adopt the budget for tuition and fees, though in the past the General Assembly has continued through June.
 - xi. Document Footnote – we are required to have a public comment session before the BOV acts on tuition and fees.
8. With no further comments from Mr. Messplay or questions from the committee, Dr. Bylenok confirmed the next five UBAC meetings have guests.
 - a. Confirmed 9/22/22 – Amy Jessee and Jeff McClurken for Marketing.

The meeting was adjourned at 4:56 pm.

Respectfully submitted,

Arin Doerfler - UBAC Co-secretary