

**Univeristy Budget Committee Meeting**  
 25 January, 2007, 1000-1130,  
 President's Conference Room  
**Minutes**

**1. Communication from Sabah re urgency**

Present revised document to Sabah no later than March 2007

**2. Review of rebasing: Short summary**

Intended to put what "we" have been doing into a solid base.  
 The model does not provide room for growth.

Summary of Rebasing Data

Net as % of total revenue

Tot rev (M\$)	Tot exp(M\$)	AgSci	Bus	Engr	For	HHS	Ed	CLA	COAS	Phar	SCI	VetMed	Ecampus	Intl	UHC	RCI	
FY04	280.8	270.9	4.6	18	10	-8	20.5	1.6	15	-13.2	17.1	15	-7.3	-38	2.2	-318	-135
FY05	300.6	305.2	-	17	-	-21	24.1	-10	15	-24.4	8.7	19	-40.9	-2.3	-1	-181	-107
FY06	309.7	320.3	3.8	10	2.8	-9	21	-	8.5	-23.5	-13	9.9	-16.8	3.7	-33	-252	-112
			6.2					7.5									

**3. Discussion of rebasing concerns:**

*Lack of incentives for growth or new directions –*

Going forward, what incentive should be put in place?

BAM failed due to external reasons (state funding model)

Need to look at unit revenues the Student Credit hours – what is brought in by the units should flow back to the units.

*Enshrines what we have been doing but doesn't really address why we are doing it or what we should be doing.*

**4. Discussion of Incremental Revenue Allocation Model – Please bring copy**

**Basic definitions: Incremental Revenue = Revenue – Expenses ( assuming base model includes rebasing expenses, ICR distribution re Research Office model, deferred maintenance)**

What is the rate of incremental revenue to be relevant?

Incremental revenue comes from tuition increases, professional programs, and/or research. Student credit hours are constant; however there is the potential – legislative process in the sports lottery funds to Athletics. This would reduce the amount of support to them, increasing the distributable E&G funds. UBC needs a plan to distribute funds if they appear.

Incremental revenue allocated to Help Everyone through the infrastructure of the institution and Help Individual units and programs.

First clear up the spending of \$12 million more than receiving, then when new revenue comes in within the next 3-5 years it is distributable revenue above the established base.

Need to establish a mechanism to allocate those new revenues- whether through priorities or re-investments.

**Rough estimate of incremental revenue ~ 3% budget ~ 7M\$/yr.  
Q1 Should further budget cuts be made to increase size of IR?**

An incentive for new programs and growth is that new money should go to those who generate it.

\*Teaching courses through Ecampus/ Distance education. – move all sources of revenue and tax equitably and appropriately.

Ecampus is self operating w/ extra fee when subsidy stops.

Impact of current Ecampus model needs to be evaluated with recommendations for the end of the agreement.

Projections for growth rates – produces self-sustaining revenue if it works.

Ecampus package of new programs after 5yrs and move forward as self-supported. –The revenue flow to departments may not change when subsidy ends.

## **5. Discussion of priorities for distribution of IR**

**What is the philosophy of IR expenditures?**

**Current Approach: Inflation**

**Mandates (see below)**

**New programs**

**Mandates:**

**Reserves 1.4 M\$/yr**

**Tech. Infrastructure 1.3M\$/yr**

**Unmet demands 1.0 M\$/yr**

**Fac. Salary Improvement 3 M\$/yr for FY08**

**Total 6.7 M\$/FY08**

**–but unbalanced for all succeeding years.**

**New Programs 0M\$/yr => DISASTER**

**Q2 What is approximate magnitude of additional cuts/revenue increases needed?**

**Q3 What about a new model for IR that gives incentives for generating revenue?  
(Bloomer's real model)**

Bloomer report indicated 3 incentives:

Base cost increases, Investments in reserves and program growth. The UBC is charged with making recommendation and/or changes to this document

Decided to remove

Rebasing Commitments – money comes from other sources within the university outside E&G

Facilities reserves – money was added in the Governors Budget

Research office is working on priority for ICR report

Changes: to Bloomer report:

Incremental funding does not take into account how the money was received.

- Student tuition dollars verses Legislative increases
- Funding should follow revenue sources
- Currently 65% revenue from tuition and 35% state funding

**Proceed:** Subgroup will update the report and create a new executive summary with more clarification. **Subcommittee includes:** Walt Loveland, Nancy Heiligman, Michael Oriard and Luke McIlvenny.

Revisit tuition plateau – look at impact of drop fees returned to students

Community college partnerships – lower division courses taught at community colleges and higher level course at university level. Lower level courses generate more revenue therefore should not be pushed out to community colleges.

38% in not an unreasonable amount needed to run sustainable OH piece  
Change working from 80-20% to 1 to 2 split for OH costs.

Taxation of Earmarked funds

Recommendations discussion authority to tax targeted funds.

The tax on targeted funds should be upfront and prior to receiving the revenue, not after the fact.

**New scheme**

- a. Forget about inflation (everyone earns their inflationary increases)**
- b. Restrict mandates**
- c. Re-distribute incremental revenue to those who generated it (80/20 model or similar model)**

**Additional Issues**

**Targeted Funds: Taxation? Perils of targeted funds, ie, volatility**

**Meeting Schedule to meet demands of “urgency”**

**Absent:**

Becky Johnson

Curt Davis

Tom Shellhammer

Nadine Honda

Next UBC Meeting:

Thursday, February 8, 2007

10:00-11:30

Presidents Conference room