

Business Affairs Officers Committee
Meeting Minutes
October 3, 2018

BAO Members Present: Sharon Almeranti, Rachel Beatty, Mary Beth Buchan, Linda Carter, Shelley Clifton, Derek Donnellon, Warren Doucet, Elizabeth Elder, Joan Ferguson, Andrew Kaufman, Sausha Kellogg, Joe Kieleszewski, Stuart May, Adeeb Mozip, Sharon Progar, Sue Robell, Lakshmi Sabapathy, Lisa Shrader, Angela Strickland, Lara Trocchio, Arthurine Turner, Donna Wells, Janie Williams-White, Lilly Hatzis (OVPR representative), Justin Langely (OVPR representative).

FBO Leads and Other Guests Present: Jeff Bolton, Bill Decatur, Debra Williams, Marlene Erno

Call to Order

- The meeting was called to order at 1:30 pm
- There were no meeting minutes from the last meeting. The last meeting on September 5, 2018 was a “working” meeting at which the group worked together to identify, document and discuss unmet IT needs to compile a list to provide to C&IT and other related units for discussion and collaboration.

Announcements

- **Appointments/Promotions/Retirements/changes to membership:** There were no announcements

New Business

- An “**Open Discussion**” item will be added to each upcoming agenda. Monthly, a different FBO leader will be invited to engage in a casual conversation, share highlights of their unit’s operations and initiatives they are working on and answer questions from the group. Bill Decatur was invited to provide the “Open Discussion” for this meeting. Since there were no discussion topics or Q&A identified by the group, Bill provided an update on the following:
 - **Campus Master Planning:** This initiative will tie in with our long term RCM budget model work. It will include space utilization analysis which may identify opportunities to take some buildings off-line and impact the deferred maintenance needs, estimated by Sightlines consulting to be around \$1B. There will be opportunities for involvement in this initiative including open forums. Bill encouraged everyone to get involved and share their feedback in this process.
 - **Banner 9:** Banner 8 is gone. There is still business process review to be accomplished over the next 12-24 months. The Controller’s area is currently in “blackout” period for year-end work but will continue with chart of accounts work. Bill invited feedback on Banner 9. . . a group member identified the dual login process as a frustration. Warren Doucet (C&IT) suggested that while this dual authentication process is likely not going away, feedback is encouraged.
 - **RCM Budget Model:** Joan Ferguson asked for input on how to get an official “credit hour” report. Jeff Bolton referred to the Institutional Analysis website where this

information should be available. Others offered additional suggestions. Model recommendations have been made to the steering committee. School/College meetings with the Deans, etc. were scheduled for Nov-December for the purpose of sharing the model (which is not yet final). Bill highlighted that Debra Williams has been added to the steering committee for the RCM project. There is a lot to do to address the readiness to implement and the roles and responsibilities of the Deans, BAOs.

- **Enrollment Update:** Bill provided a brief enrollment update highlighting an increase in undergrad (FTIAC and full-time freshmen) which provided a positive revenue increase offset by a continued decline in graduate international students.
- **RCM New Budget Model Presentation & Q&A:** Jeff Bolton provided the group with a detailed walkthrough of the “complete” WSU RCM-based budget model as it currently stands. This model is considered to be complete (the model elements are included) but it is not considered to be a “final” model. This complete model will be presented to each school/College (S/C) this fall and things could change, adjustments could be made, etc.

The presentation is intended to be a detailed walkthrough of the flow of funds of the model using FY17 data from a single S/C perspective.

As we look at FY21, it will basically be a balanced budget; as we move from FY20 to FY21, subvention (or subsidization of S/C) will be used so it doesn't leave any S/C in a deficit situation. The presentation numbers will take into account that we need to make sure that all of our S/C, at the end of the day, will be a net result of at least zero; regardless of spending, all S/C are covered in FY21.

Walkthrough Topics:

- **Revenue Generating Units (RGUs) and Non-Revenue Generating Units (NGUs):** Graduate School doesn't generate credit hours but does generate revenue while the Honors College generates credit hours but doesn't have a degree program; both are categorized as NGUs; all other S/C are RGUs. All others are NGUs including central accounts such as debt service and deferred maintenance.
- **Overview of Revenue Flow of Funds (presentation highlights):** There are four basic categories of revenue to the general fund: State Appropriations, Net Tuition & Fees, F&A Cost Recovery (ICR) and Investment Income (general fund). Funds for strategic investment and subvention needs would be carved out of State Appropriations revenue with the balance flowing to the RGUs as general fund revenue. The total general fund revenue flowing to the RGUs will need to cover direct costs and the cost of support units (all NGUs).
 - Balance of state appropriations revenue (following carve out for strategic funding and subvention) is allocated based on total credit hours generated based on major.
 - 100% of F&A Cost Recovery goes to the RGU employing the PI.
 - Miscellaneous revenue collected by S/C (not centrally collected) will flow directly to the S/C (as it currently does).
 - Undergrad Tuition & Fee Revenue:

- a. Base tuition at base rate: 25% goes to the major, 75% goes to the college providing the instruction. Differential tuition: 100% of differential tuition goes to the college of major.
 - b. Student Services Fee: Will be split the same way (25%/75%) as base tuition
 - c. Registration Fee: 100% to S/C of major
 - d. Support Fees: 100% to the S/C charging the fee
 - e. Course Material Fees: 100% to the S/C charging the fee
 - f. Undergrad financial aid is deducted from tuition & fee revenue
- Graduate tuition & fee revenue: 100% goes to S/C of major
 - a. Grad financial aid is deducted
- Discussion of changes to this approach are still taking place with regard to a Provost's initiative to call for students in our graduate & professional student to take classes outside of their major.
- Questions from the group:
 - a. Does the treatment of the new allocation of Student Services Fee change how we describe the Student Services Fee? Yes, that is a larger policy discussion
 - b. What about poaching of general education classes? While the RCM based model itself won't avoid this, the Provost office would be involved in a course approval and can prevent this. The Provost has co-chaired this initiative and the policy and procedural issues such as this have been discussed.
 - c. How is Educational Outreach summer session treated? Summer is treated as a 3rd semester and included in the revenue allocation. The operations and administration of it are still a conversation.
 - d. How are extension centers off campus treated? Still a topic for discussion
- An overview of financial aid was then provided
- Questions from the group:
 - a. What is the timing of the financial aid calculations? May use a 3 year average to smooth changes and variability in budgets from year to year.
- **Direct Expenses & Support Cost Allocations (presentation highlights):** Both direct costs of the RGUs and some portion of the central services and central costs (Utilities, Deferred Maintenance, Debt service, etc.) will be allocated to the RGUs. Each NGU has been designated as student, general or space related. There is a different cost allocation driver which will be used for each of these types of NGUs: The costs of student related NGUs will be allocated to the RGUs based on RGU total credit hours; costs of general related NGUs will be allocated to the RGUs based on RGU direct expenses; costs of space related NGUs will be allocated to the RGUs based on RGU unit square footage. Three NGUs (C&IT, Public Safety and Libraries) are classified in both the Student and General categories (50/50% split) because they provide support to both employees and students.

- Unit square footage driver covers both the RGU direct space and the common/vacant NGU space.
- One-time budget allocations are not included i.e., original budget + mass salary increase and fringe
- Fringe benefits are based on the composite rate.
- Questions from the group:
 - a. What are the incentives for the NGUs to maintain or cut costs? Employ an assessment process to evaluate the NGUs, similar to accreditation process to review the support units on a regular schedule. Allison Martin and Daren Ellis are working on this support unit assessment model which is founded in continuous quality improvement.
 - b. Similar to the walkthrough example provided, is it typical for the support unit allocation of costs and direct costs to be less than the RGU revenue? It depends, if not, this is where the concept of subvention comes in.
 - c. Are the units who receive a general fund subsidy (revenue generating, but receive some general fund support) included as a NGU? Yes, any general fund support to a support unit i.e., a subsidy to a revenue generating unit is factored in.
 - d. ICR related question and OVPR – OVPR is being split into two sections as it is now, operations and programmatic support (such as research stim). Both of these are included in the cost allocation methodology. Some conversations need to happen around ICR and some pieces that need to be returned.
 - e. NGUs which charge for services – how will this be handled? Anything that is currently included in your base budget, will continue to be included for cost allocation purposes.
- **Subvention:** Process of supporting the RGU's post cost allocation deficits under the model.
 - This process exists to support those S/C which are not self-supporting but which are critical to the University's mission.
 - Identify structural deficit (externally impacted) vs. non-structural deficit (internally generated)
 - Review and evaluate; develop a Reduction Plan
 - Incentive plan to encourage quicker implementation
- **Strategic Funding:** Provide President and Provost with funding to provide strategic investments
 - One-time commitments or short-term (2-5 years) recurring commitments
 - Application process including a description of alignment with the strategic plan, metrics and financial pro forma.
 - Questions from the group:
 - a. What happens with carry forward dollars? Undetermined at this time.

- **Wrap-up:**

- EAB provides tools to manage costs i.e., Academic Analytics
 - a. Currently only provides historical costs, plan to get more current data added

Adjourn: Meeting was adjourned at 3:05pm.