

Faculty Budget Priorities Committee (FBPC)
Monday, October 26, 2020
DRAFT minutes

Committee members present: Laura Luehrmann (Faculty President), Brian Boyd (Faculty Vice President), Eric Bennett (FBPC Vice Chair), Tom Wischgoll (CECS), Nimisha Patel (CEHS), Ashley Hall (COLA), Sherry Farra (CoNH), Diana Huelskamp (Lake), Janeece Warfield (SOPP), Barbara Hopkins (RSCOB)

Guests present: Steven Sherbet, Sommer Todd, Burhan Kawosa

1. **Follow-up to Board of Trustees' Finance, Audit, Infrastructure and Governance Committee meeting (10/23):** (Kawosa, Sherbet & Todd)

Todd began the meeting with an analysis from Friday, October 23, 2020 Board of Trustees' meeting. She presented the infrastructure for the year which centered on looking at the funding from 7/31 through August. As of August 31 nothing changed on the expense side. However, on the revenue side there was a change of \$4.7 million dollars due to canceled Nutter Center events, lower revenue from parking permits and fines, athletics ticket sale, and guest and student housing. Expecting some savings in expenditures (e.g. utilities) but too early to estimate.

Tuition revenue estimate did not change from prior month reporting. The lower than anticipated reduction in enrollment was already reflected in the prior month's report to BOT.

Questions:

- Q: Will WSARC lawsuit impact the FY21 budget?
A: The lawsuit, among other things, is seeking a court order to require return of WSARC capital assets that were purchased using state funds and on grants awarded to WSU. These do not have an impact on FY 21 operating budget.

Kawosa stated that our anticipated draw on reserves has increased from \$12 million to \$17 million for FY 21. This impact of this is reflected in the decline in working capital as reported in the cash forecast document presented at the BoT meeting.

Sherbet provided a report from the Cash Flow Forecast (from BoT presentation). He reviewed the actual performance from July through August's cash flow for the last two months as well as the projections going forward for 2021. He reported an estimated \$18 million shortfall between cash inflows and cash outflows which signals that we will need to draw down reserves once again. This reverses a trend where we were able to add to reserves during the past three fiscal years. We are at a point now where revenue (primarily tuition and state subsidy) is declining faster than we are able to cut expenses. .

- Q: On the revenue side, how did they come up with the amount?
A: When comparing to the budget it looks like we are down 22% however actual fall enrollment was better than expected, and the SSI cut was only 4.3%. Need to also prepare for doubtful accounts (i.e. unpaid student tuition)
- Q: If the reserves are getting smaller as a result of the \$17 million drop, what will be left and where will that money come from?
A: The report to BoT forecast is through end of June, 2021. The reserves by the end of July will be in the high \$50 million/low \$60's until tuition is generated in the fall of 2021. We are not expecting to be able to add to reserves at the end of this fiscal year given the forecasted operating deficit.

2. Minutes:

September 28, 2020 minutes were approved without revision.

3. Priorities for Future Meetings

Committee highlighted three main areas of discussion for future meetings:

- 1) Implications of the approved 3- year budget
- 2) Enrollment trends, especially 17.5% decline in this year's freshmen class (last 5 years we are down more than 50%).
- 3) Undergraduate scholarships and marketing (spending \$5 million on marketing); what is the expected ROI on marketing and recruitment?
- 4) Ways for FBPC to help facilitate discussion for non-financial-professionals on budget and finance.

Next meeting: November 16, 2020 at 2:30 p.m. to 4:00 p.m.

Upcoming Board meetings: Thursday Dec 10 (Committee Day); Friday, Dec 11 (Public Session)