

MINUTES
Budget Advisory Committee
April 2, 2018, 1:30 p.m.

MEMBERS PRESENT: Vice-President for Financial Affairs – Mike McCoy, Assistant VP for Financial Affairs – Jonathan Craft, College of Business – Diann Hammon, Staff Senate – Chris Moss, Faculty Senate – Debra Vaughn, College of Arts & Sciences – Jeff Blankenship, College of Education – Tina Sloan, Library – Mary Aquila, and Barbara Ferguson, reporting.

Mr. McCoy called the meeting to order at 1:30. Mr. McCoy gave an update on how the starting point for the budget is developed. He began by discussing the projected revenue budget. He informed the committee that the legislature has approved a 5% increase to our state appropriation. We have also been approved to receive a one-time special appropriation of \$209,000 for technology expenditures. He explained that the undergraduate tuition projection is based on actual credit hours for Fall 17 and Spring 18 and an estimate for Summer 18. This results in a decrease of credit hours from last year's budgeted credit hours. Last year, graduate tuition was not factored into the budget because the graduate programs were just beginning and no historical data was available. However, this year he is including graduate tuition in the revenue budget. All these factors result a total of \$33,246,345 representing an increase in the starting revenue budget of almost \$1,000,000 over last year's budgeted revenue.

Mr. McCoy next discussed the salary budget. He informed the committee that the Cabinet is supportive of a cost of living adjustment (COLA). He has already factored a 1.5% COLA into the salary budget. The cost of this COLA is approximately \$200,000 plus the cost of benefits. He provided a 7-year history of approved COLAs for Athens State as compared to the Alabama Community College System (ACCS). Over this period (which includes the 2018-19 fiscal year), the total for Athens State COLAs is 5.5%-6.5%. The total for ACCS COLAs is also 6.5%. Mr. McCoy also indicated that he has factored a CUPA salary adjustment plan into the proposed salary budget. This plan will be discussed at the April Compensation Committee meeting. The cost of this plan is approximately \$100,000 plus the cost of benefits. Also factored into the salary budget are step raises for approximately \$120,000, promotions for approximately \$52,000, and an increase in the mandated retirement contribution. All these factors result in an increase to the salary budget of \$813,439.

Mr. McCoy next discussed the transfer out to the Unexpended Plant fund. Last year he had budgeted a \$220,000 transfer. In order to balance the budget that amount was cut to \$104,466. This year he has budgeted a \$500,000 transfer to make up for the decrease last year and to help build the University's reserve fund. He explained that guidelines recommend 6-8 months of reserves. The University is currently at 4.7 months of reserves. He would like to get closer to the recommended amount of 6 months.

He next discussed the operational budget. These have been estimated for each department with most receiving a minimal increase from the prior year. However, he is aware that the Cabinet is recommending a significant increase in the marketing budget. Therefore, Mr. McCoy has factored in an increase of \$300,000 to that budget. He has also factored in the updated expense

for debt service. This brings the total operational expense budget to \$8,326,740 and total budgeted expenses to \$33,713,596. Budgeted revenue of \$33,246,345 results in a starting deficit of (\$467,251). This compares to a starting deficit of just over \$1.2 million last year.

Mr. McCoy discussed the recommendation process and explained that the committee will develop a recommended budget to submit to the President's Cabinet. If a tuition increase is proposed and approved by the Cabinet, it will be presented to the Board of Trustees for approval at the May 2018 meeting. The Cabinet will then submit a recommended budget for approval to the Board of Trustees at the July 2018 meeting.

The meeting was adjourned at 2:30 p.m.