

Budget & Finance Committee Call

Minutes – January 27, 2015, 3:00 pm EST conference call

The call was convened Tuesday, January 27, 2015 at 3:05 pm EST.

Members present: Jane Federowicz, Linda Lulli, Peter Barnes, Barb Carroll, Chris Byrd, Andy Brantley, Rob Shomaker, Glee Wilson

Revenue Update

Jane reported a current revenue update for dues which is 102.16% of budget! It is too early in the fiscal year to compare survey, boot camp, and UHE revenue. We have a couple new e-Learning courses ready to launch in February. Region conference registrations are also too early to tell, but sponsors and exhibits are on target. Eastern is slightly lower than budget due to change of venue from Atlantic City after budget preparation.

Treasury Management Update

Glee reported that we are working on the transfer of our business to Pinnacle Financial Partners. A checking account was opened in December and checks have been ordered. We received a lockbox address and are in the process of changing our invoices and website references to that address. We plan to keep our First Tennessee lockbox open until after the annual conference. The goal is to have all Pinnacle treasury services setup by March.

Mutual Funds as a Percentage of Total Investments

Glee reviewed the calculation of our mutual funds as a percent of our total investments. The board policy is to maintain an average of at least 10% of our total investments in mutual funds. Per this summary, our average for the calendar year 2014 was 17.28%. With the additional investment of \$700,000 during the year, our mutual fund investments were greater than 10% every month. It was agreed that no adjustments are necessary at this time.

Deferred Building Maintenance Reserve

Glee reported on the calculation of the deferred building maintenance reserve. Each year this calculation is performed to determine if an increase in this reserve is necessary to cover future major building maintenance costs (\$10,000 or greater). The current reserve balance is \$51,296 and the estimated needed reserve balance is \$26,250. Therefore, there is no need to increase the reserve this fiscal year.

Motion: Do not increase the deferred building maintenance reserve for fiscal year 2014-15. Motion was made by Jane and seconded by Peter. The motion was unanimously approved.

Budget 2015-16 3 year average expense calculation

Rob explained the calculation of our 3 year average revenue and expense percent that is used for budgeting purposes. It is important that our revenues increase at the same rate (or greater) than our expenses so the lines on the graph remain parallel. Our 3 year expense average for this year is 5.55%. We feel that is too great of an increase in one year to increase revenue rates, so our initial budget draft is using the same rate as the current year, 3.36%. We will go into more detail into this calculation at our meeting in March.

Dues rates for 2015-16

Rob presented the calculation of organization dues rates for 2015-16 using the IPEDS data and the 3.36% rate increase. By applying the new data, only 8% of the member institutions changed tiers with 6% moving down a tier. Barb noticed that tier 5 showed the largest difference between the tiers on either side of it and

suggested we make their change \$5 less than the \$40 originally calculated. This change was made. The committee is asked to approve these rates before the full budget is approved because we start communicating these rates at this time of year.

Motion: Approve these dues rates for 2015-16 as presented. Motion was made by Peter and seconded by Chris. The motion was unanimously approved.

Discussion was held on student dues rates with a recommendation to change to them to free. This is not a group that we have marketed to and currently have about 12 members paying student dues. A comment was made that with unlimited reps allowed on the roster, that perhaps there are more students than we think using our services, just not paying the student dues rate. Barb said that she believes that “free equals no value” and suggests that we label student dues as “fee waived”.

Motion: Approve waiving the dues for students for 2015-16. Motion was made by Barb and seconded by Jane. The motion was unanimously approved.

Board member travel to conferences

As follow-up from the December board meeting, the B&F committee began the discussion regarding what, if any, registration fees and travel expenses should be waived for region board members. To help assess the additional costs, Glee presented a calculation using the average travel costs used in our 2015-16 budget. If we assume that all region board members would be reimbursed travel costs to attend their region conference and that national board members would be reimbursed travel costs to attend the annual conference, the total cost would be \$66,000 for a three night conference. This is a significant increase to our budget. Also, we need to consider that each conference must budget a 5% return to reserve according to board policy. Chris asked about historic revenue and expense for the conferences. Glee will report on this at the meeting in March.

More discussion was held about the expectations of a volunteer leader as to expenses reimbursed while on the board. The following comments were mentioned:

- If a person was going to attend the conference anyway, why should CUPA-HR pay the expenses?
- The institution receives value from attending the conference, so it should bear the cost.
- The fact that CUPA-HR pays the expense should not be the reason to become a volunteer leader.
- Instead of reimbursing for all board members, maybe just 2 or 3 (for example, Chair, Chair-Elect).

This discussion was an introduction to the topic. The B&F committee will determine its recommendation to the full board at the March meeting.

Southern Region Conference Exchange

The Southern Region is requesting approval to potentially use gain share funds to send a second representative to the Higher Ed Symposium this year. There are funds in their RMDS budget to send one person, but they would like to send both their Chair-Elect and LPD coordinator. Their request is to use gain share funds if there are insufficient funds in the RMDS account to cover this expense.

Motion: Approve using gain share funds to send a second representative from the Southern Region to the Higher Ed Symposium if there are not enough funds in their RMDS account. Motion was made by Linda and seconded by Barb. The motion was unanimously approved.

Call was adjourned at 4:05 pm.

Next scheduled call/meeting

The next meeting is March 4 & 5, 2015 in Nashville, TN.