

Budget Planning Council Meeting Notes

January 13, 2012

10:00 AM – 12:00 PM

Grover 303W

In attendance: Joe McLaughlin, John Gilliom, George Cheripko, Randy Leite, Greg Kremer, Howard Dewald, Kyle Triplett, Steve Golding, Danielle Parker, Tracy Kelly, Claudia Hale

Absent: Pam Benoit, Renee Middleton, Elizabeth Sayres, Lisa Kamody, Kent Smith

Staff: John Day, Dawn Weiser, Steve Flaherty, Katie Quaranta, Becky Watts, Steve Flaherty, Craig Cornell, Chad Mitchell, Michael Angelini

Steve Golding introduced Chad Mitchell, Interim Budget Director.

I. Budget Assumptions

- Chad shared the FY13 Budget Assumptions document – FY13 assumptions to be considered by BPC over the next couple months; the document also includes FY12 budget assumptions for reference as well as the value of 1% change for some of the assumptions
- Cost Increases and Budget True-ups – this document lists \$3 million from the prior budget's one-time-only items and additional budget commitments that need base funding
 - Steve reviewed these items and the need for base budget 'true-up' for each
 - Some were BPC one-time funding decisions, some were commitments to board (Safety Projects), etc.
- Initial 'Potential Investments' listing for FY13 was also shared – General Fund and General Fee items; Steve reviewed several items on the Potential list – explaining what discussions and issues had placed them on the 'radar'
 - Items identified which will assist with RCM implementation
 - OIT e-biz, RCM training,
 - Campus grounds improvements in response to alumni, faculty, staff and student appeals
 - Bandwidth in response to instructional needs and student demand
 - Classroom renovations leads to an RCM discussion on centralized scheduling -> responsibilities of 'owners' to update facilities and technologies of those classrooms may result in the voluntary relinquishing of space to the Registrar's office for central scheduling and therefore central updating
 - General fee items that occur annually and are handled with one-time money; they stress the budget annually and should be considered in base funds – Homecoming, Marching 110 traveling
- Chad discussed utility costs and impacts of impending increases on the operating budget
 - The use of coal has been low cost fuel source but is problematic for the future
 - Replacement of the heating plant is on the board agenda for next week - \$100 million investment with acceptable payback period being reviewed by representative campus team
 - New federal guidelines, future carbon taxes, and a short remaining life expectancy of existing plant are driving the study
 - Many models for operation, partnering, and/or third party provision of utility services are being explored to deal with strategic replacement
 - Replacement will involve a higher cost fuel source, as we move away from coal, and debt service
 - Natural gas and co-gen options being explored
 - Annual cost increases could be \$5-6 million
 - 40 year decision being considered in regards to location, federal regulation, costs, etc

- Consultant report to board will share a power plant conversion planned for 2 phases
 - Phase I - Get off coal as soon as possible
 - Phase II - Pursue co-gen option

II. Subsidy Review

- John Day pulled FY11-FY13 subsidy information from Regents website and compared to budget and actual where possible
- FY11 for Athens campus - \$115 million projected by BOR; \$100 million budgeted; \$109 million realized – variables included lapsed payment, realized degree attainment
- FY 2012 budget conservative based on BOR projection and higher degree attainment
- How to build FY13 subsidy budget? – current BOR projection for FY13 is \$103 million
 - Based on realized / projected over-attainment, John believes we have an opportunity to budget up to \$5.8 million more than the current subsidy budgeted by OU for FY 2013
- Whether to account for the favorable subsidy variance or not will be a BPC recommendation; considering a need for \$3 million in ‘true ups’, a large portion of \$5.8 projected favorable variance could be considered ‘already spent’
- Shifts in enrollment, credit hour production, etc. can be watched over the next several months as we firm up the budget
 - Switch to semesters results in a mixed year -> summer is quarters, fall is semesters and means that our previous history on quarters is of more limited use for projecting future revenues once we get to semesters
- Governor’s initiatives need to also be factored into the budget considerations as they become clearer over the next 4-5 weeks

III. Next Meeting

- **1/27 - Room and Board rate discussions – Housing and Culinary areas will present**
 - Expectations for these auxiliaries have been shared with them; they will share their 6 year proformas with rate increases and assumptions that reflect how they propose to meet the expectations
 - Expectations such as ‘Pay as you go’ renovations, building ‘depreciation’ into budgets, modest increases, etc.
- Healthcare, Enrollment, the list of budget assumptions on today’s handout, and fee committee reports will be topics for future BPC meetings
 - Tracy Kelly will serve as the BPC representative on the Student Fee Committee, first meeting is Jan 23

Budget Planning Council		
WINTER		
F, January 27, 2012	10:00 – noon	Grover Center E303
F, February 10, 2012	10:00 – noon	Grover Center E303
F, February 24, 2012	10:00 – noon	Grover Center E303
F, March 9, 2012	10:00 – noon	Grover Center E303
SPRING		
F, March 30, 2012	10:00 – noon	Baker 2 nd floor MCC MPR
F, April 13, 2012	10:00 – noon	Baker 2 nd floor MCC MPR
F, April 27, 2012	10:00 – noon	Baker 2 nd floor MCC MPR
F, May 11, 2012	10:00 – noon	Baker 2 nd floor MCC MPR
F, May 25, 2012	10:00 – noon	Baker 2 nd floor MCC MPR