

Budget Planning Council Meeting Agenda
February 13, 2009
10:00 am – 12:00 Noon
Baker Center 235

In Attendance: Peter Wickman, David Thomas, Joe McLaughlin, Bill Decatur, Betty Sindelar, Brenda Noftz, Dennis Irwin, Chuck McWeeney, Hugh Sherman, Kent Smith, Ann Tickamyer, Sergio Lopez, Jeff Fulk ,

Absent: Michael Adeyanju, Kathy Krendl, Betty Sindelar,

Staff: John Day, Katie Quaranta, Rebecca Vazquez-Skillings, Marjorie Mora, Dawn Weiser, Becky Watts, John Demmler, Diane Lucas

Guests: Steve Flaherty, Sally Neidhard for Michael Adeyanju, David Descutner for Kathy Krendl

Goals of Meeting:

- Provide FY 2009 & FY 2010 Budget Updates
- Review Impact of Updates on Planning Efforts and Receive BPC Feedback
- Discuss Efficiency Strategies & Initiatives
- Continue Discussion of Benefits Workgroup Efforts
- Discussion of Next Steps in Budget Process

I. FY 2009 & FY 2010 Budget Updates

A. FY 2009

- Continued deterioration of State Revenues
 - OBM report out with poor revenue results for January (\$60 million below revised revenue estimates)
 - Still anticipate potential of more 2009 cuts from state – no indication if we will continue to be exempted

B. FY 2010

- Distributed BOR section of Governors budget
- Line item for SSI shows -1% increase for 2010 and .7% increase for 2011
 - medical lines were cut by 6%
 - Voinovich lost specific line item funding
 - Access & Success Challenge lines were zeroed out and those monies are now shown in the SSI line for FY10 & FY11 – real comparison of SSI only from 2009 -> 2010 is a 9% decrease
 - Federal stimulus funds were anticipated and factored into the Governor's budget as additional SSI skewing the % decline – stimulus funds have been reduced to states since the Governor's budget – entire state budget could be reworked if stimulus money does not flow to Higher Ed

II. Impact of Updates

A. Review Recent Updates to Model Estimates

- **FY09 Revised Issues**
 - Graduate Tuition– expecting \$2.8M less than budgeted due to higher than anticipated enrollments in designated programs which receive tuition revenue in lieu of the Athens campus general fund – the data and factors are still being researched
 - Plus \$1.5M over expenditure of fee waivers; graduate tuition and fees projected to have a \$4.3M negative impact on 2009 budget

- looking at RDP and OPIE impact - John Day, Mike Williford, and Rebecca are working through this since we seem to be hitting our target enrollments overall
- FY09 now at \$10.5 unfavorable to budget and with the \$1.5M transfer to Advancement to cover investment losses the total shortfall is \$12.0
- TO DO – Rebecca to provide detail for the Miscellaneous line which currently shows \$15.4M
- **FY10 scenarios** updates since last version:
 - SSI assumptions now at 4% increase in best case (represents Governor’s budget), flat in the mid range case, and -10% for worst case
 - IDC recovery projected as declining 10% due to revised projections from VP Research
 - The salary increases included are the 3.25% for AFSCME & FOP, 3% for all other EEs, and \$1.2M faculty – decision point
 - Health insurance – Milliman’s mid-range projection of health insurance increases was 6% and they also projected that we will end 2009 on budget due to several catastrophic claims early in the year; last conversations with BPC suggested that we might end this year under budget –discussion on lowering the percentage increase and using our reserve if we are short
 - Utilities still includes a large increase of 14% – PUCO has not approved AEPs 15% rate hike proposal yet – discussion that PUCO will probably not approve the 15% - decision point
 - POM increase is mainly due to ARC coming on line
 - Debt service and operating costs for OIT / SIS project included as was discussed previously
 - Foundation supported scholarship shortfalls – commitments for multiple years where accounts are underwater – 65% of our endowed accounts are underwater->the value of the accounts are below the gifted amount. Foundation supported professorships and chairs are in the same situation but those issues are to be addressed by the colleges.
 - discussion occurred on the benefits of fundraising
 - how do our scholarships factor into recruiting
 - Impacts of factoring all these changes on the revised FY09 budget leaves us with projected deficits of \$20.6M for ‘best case’ up to \$35.5M for ‘worst case’
- **Estimates Still in Progress**
 - Enrollment Estimates
 - Financial Aid
 - Impact of New Programs – both revenue and expense
- **BPC recommendations for budgeting assumptions**
 - If salary increases are eliminated we recover \$7M and deficit reduced to \$15.5 to \$30.5;
 - Change health insurance increase from 6% to 4% and use managerial reserve if increase falls short for FY10
 - Change utility increase assumption from 14% down to 11%; BPC felt that PUCO will not approve a 15% increase for AEP which factors into the overall potential utilities increase of 14%

III. Efficiency Strategies and Initiatives – Dean VP workgroup items – revised savings targets are due Feb 23

A. University-wide Savings and Cost Reduction Projects developed from Dean/VP groups – a listing of the projects was handed out

- Strategies for consolidations, strategic procurement opportunities, automation, centralizing building scheduling, shared services were discussed
- Many strategies are underway and a sketch of each was shared so that BPC understands what the initiative is

- Savings target estimates are being refined and are due to the budget office by Feb 23 – those target estimates will also reflect the account numbers / budget control totals which will surrender those savings
- There are also other items not listed that are ongoing including a new policy on and reductions of cell phones and allowances
- Savings targets will be used to adjust the total deficit and then there are some unit specific actions – example: ICA will balance their budget and participate fully in shared services in the areas of MarComm, development, academic support
 - a question was asked whether the plan for ICA will result in any new money for 2010
 - answer was not known; no determinations have been made
- Remaining deficit, after the impacts of savings and new revenues are applied to the budget gap, unit reduction targets will be developed

IV. Continue Discussion of Benefits Workgroup Efforts

A. Health Benefits

- Faculty Senate representatives stated that they can't endorse more than \$1M reduction in health benefits if there are no pay increases
- Classified and Administrative reps stated that their groups were not expecting raises and feel the \$3M health benefits can be tolerated - the bulk of the efficiency savings / reductions in force will hit the administrative ranks hardest so they are willing to give more up in benefits to save jobs
- March 15 is drop dead date for notifying employees whose positions will be impacted due to budget reductions
- Several BPC members discussed that moving to a higher savings proposal that impacts premiums less and looks for cost savings in usage fees such as deductibles and co-pays would be favored

B. Educational Benefits

- Handout to review for next meeting

V. Next Scheduled Meeting: next week - February 27, 2009, Baker 235, 10-noon