

Budget Planning Council Meeting Agenda
February 27, 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, Hugh Sherman, Kent Smith, Ann Tickamy, Sergio Lopez, Jeff Fulk, Michael Adeyanju, Kathy Krendl,

Absent: Chuck McWeeney

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

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

Goals of Meeting:

- Discuss State and Federal Budget Updates
- Review Preliminary Results of Efficiency Initiatives
- Develop Recommendations for Additional Cost Savings
- Calculate General Fund Reduction Target

I. State & Federal Budget Update

- A.** State budget Special Analysis narrative handed out – As a result of changes to the final Federal Stimulus package, the Governor has revised his budget. The revised budget reflects no change in Federal Stimulus money for higher education from the original plan. As a result, will maintain our projection of 4% increase in state support.

II. Review of FY 2010 Budget Assumptions

- A.** Review Recent Updates to Model Estimates
- **Model Estimates Continuing to be refined**
 - Changed health insurance inflator to 4% at last meeting; model now reflects Milliman's low range projection of 2.4%
 - Undergraduate scholarships have been increased by \$2M
 - Miscellaneous Central Budget items still being refined – Workers Comp, Leave payouts, and other items tied to personnel levels won't be finalized until we get a handle on layoff numbers

III. Findings of Review of Initial Phase of Efficiency Initiatives – Dean VP workgroup items – revised savings targets were due Feb 23

- Savings from Phase I is initially estimated at \$2.577M but the BPA office is still early in the review and analysis of the plans submitted and anticipates additional savings will be confirmed
- Need to consider the method to recapture some projected "savings" in efforts such as travel costs, procurement
- IT projecting at least \$900,000 in savings with more possible; Communication and Marketing savings is to be projected in Phase II.

IV. Recommendations of Health Benefit Savings to Pursue

- A. Review of HBAC Recommendations – Faculty Senate will discuss the health benefits recommendations at their March 13 meeting.**
- New ‘menu’ of savings for each option showing the Athens Campus impact of benefits reductions which is 65% of totals we’ve been discussing
 - Reviewed where OU stacks up in regard to premiums, deductibles, etc., with Ohio/IUC peers and national peers – we have a much better situation compared to national peers and are on par with Ohio/IUC peers – they are likely re-evaluating their offerings also
 - Explored idea of a ‘one year’ plan and then return to a higher level of benefits next year – caution expressed that we are in an ever-worsening economy and ‘promising one-year only’ would likely place us in a position of going back on that promise
 - Possibility of going to \$3M savings level continued to be explored.
 - **Motion by (Dr. Dennis Irwin; Seconded by Dr. Kent Smith):** Dr. Irwin moved to vote on the \$3M scenario to open discussion.
 - deeper than 1% cuts means a decrease in total comp for all employees
 - we are an exception in peer analysis because we don’t have a deductible and there is a significant gap in the co-insurance limits – those seem logical choices to work toward the \$3M
 - need to explore additional brackets at highest ends of salary range – there are a lot of variables in the numbers -> this move would not create a lot of money, but would be symbolic
 - **Amendment to Motion (by Dr. Dennis Irwin; Seconded by Dr. Kent Smith):** Move to the \$3M health benefits savings target as presented by HBAC and have HBAC provide recommendations to add up to 2 brackets at the top-end and preserve current premium levels for lower bracket(s)
 - the 12% premium increase would be impacted by the new progressive brackets
 - recommendations to come to next meeting
 - **Vote: 2 no, 1 abstain, 11 yes, motion passed.**
 - Improvements to health plan
 - Healthy Ohio – at a previous BPC meeting it was voted to move forward on the health risk appraisal for FY09 and the entire plan for next year.
 - Also discussed at a previous meeting that if BPC voted to move forward on \$3M in health benefits savings then they would look at enhancing / adding some of the other benefits
 - Most benefit improvements are not significant in cost
 - **Motion to support all recommended improvements in the Health Benefits handout except for the premium for dental insurance –(Dr. Kent Smith moved, Dr. Dennis Irwin 2nd)**
 - **Vote: 1 abstain, 13 yes, motion passed.**

V. Recommendation Regarding Salaries

A. 0% increase

- **Motion (Dr. Dennis Irwin moved, Dr. Kent Smith 2nd): To implement 0% compensation increases except for those previously bargained and currently built into the model**
- **Vote: 14 yes, motion passed.**
- Given the current economy and actions taken to hold higher education harmless in the state budget and state employees taking 0% increases and up to 6% reductions, we need to be cognizant of what the message of voting increases for any class of employees would send.
- Request to continue the discussion on the perceived inequities that have resulted in increases for certain classes of employees / administrators – all categories need to be examined. What is the definition of ‘equity’ – how does it relate to market? The project will be defined further at next meeting.

VI. Other Recommendations

A. Employee Educational Benefits Savings to Pursue

- Summary 'strawperson' from the slate of proposals made by the committee was presented (see handout)
- 'Strawperson' slate of benefit changes presented as well as 4 options of how to grandfather / apply these – options 2 & 3 were favored – option 3 leaves benefit open forever for current employees which some thought was unnecessary
- Constituent groups will take up this discussion – decision needs to be made before activity starts to occur for Fall Quarter
- Discussed the impact this might have on faculty recruitment – the biggest change is the fact that graduate degrees will only be paid at 50%, rather than the current 100% rate

B. Other

- Enrollment estimates are based on 'flat' – is it conservative enough given the economy
- Employee reductions – is there a plan to repurpose the employees? Backfill for SIS, etc. There is every effort being made between UHR and planning units to coordinate and minimize impacts
- As plans come in for planning unit reductions and impacts on staffing levels become known, the decision on offering an ERIP will be made – will only offer if it is believed 50 PERS eligible employees will be laid off
- Where should development efforts be directed in the current economy? Big money or annual giving?
- Holzer out-of-network issue was discussed – the decision to implement this change has been made in order to offset the increased costs of Holzer charges. Communication regarding this change will be made.

VII. Impact of Recommendations on Estimated FY 2010 Funding Gap

A. Resulting General Fund Reduction Targets

- Kathy and Bill will share new recommendations from BPC with the President
- Reduction targets will be set and distributed to planning units – there is still uncertainty on what the final state budget will be for higher education, however. Differential reduction targets will again be in place between academic and academic support units.

VIII. Next Steps to Address FY 2010 Funding Gap

A. Calculate and Distribute Planning Unit Reduction Targets

B. Development of PU Reduction Plans

C. Begin Implementation of Savings Initiatives

D. Continue Efforts to Identify Savings Opportunities and Refinement of Estimates

E. Provide Routine Updates of State Budget & Impact on Planning

IX. Fee Committee Updates – Time did not permit discussion. To be discussed at upcoming meeting

A. General Fee

B. Student Fee

C. Internal Fee

X. Next Scheduled Meeting: Need to meet next week, March 6, 10:00-noon, HRTC 241/243.