

**BUDGET PLANNING COUNCIL**  
**MINUTES**  
**April 6, 2007**

**Present:** Dennis Irwin, Gary Neiman, Dominic Barbato, Gail Houlette, Joe McLaughlin, Danny Thomas, Phyllis Bernt, Aimee Howley, Rich Carpinellie, Kathy Krendl, Bill Decatur, Morgan Allen, Morgan Vis, Wendy Merb-Brown

**Staff:** Darrell Winefordner, John Day

**Absent:** Greg Shepherd

**Guests:** Dr. Roderick McDavis, Sally Linder, April Henderson, Jean Witkowski, Steve Flaherty

**General Fee Funding Process:** The General Fee (GF) committee has been meeting. Rich C reported on current activities occurring for GF funded units:

- identify budget reductions for 3% and 5%,
- GF units are working on proposals for additional funding requests,
- all units are scheduled for 'budget hearings',
- areas not currently funded by GF but would like to request funding from the general fee are scheduled to come before fee committee on 4/19 and 4/20 with their requests.

Recommendations from GF committee will come to BPC by 4/30. Those recommendations will be reviewed by BPC and BPC recommendations will move to the President for decision. Rich will get a copy of the current general fee allocation schedule out to BPC members – prior versions of the document have been shared with BPC in the past.

**Dr. McDavis's discussion with BPC:** Thanked committee for their commitment to serve in this capacity. BPC recommendations have been reviewed by Dr. McDavis.

A great deal of emphasis was placed on 'people' in the BPC recommendations – 3% salary increases for all employee groups, \$1.2 million faculty compensation increase, and no change in health care. Dr. McDavis will accept most of the Council's recommendations but offered a different solution in regards to the health care recommendation.

Table 1 - Budget Outline incorporates the Compact 0% undergraduate tuition increase, 6% graduate tuition increase, and 3% SII, 3% salary increase, and no change in health benefits. Table 2 - Closing the Gap starts with the Budget Outline deficit of \$8.55M and shows Sources and Uses of monies to cover the budget gap.

Table 2 - Reflects the recommendations of BPC with these changes made following the President's review:

- decision to move forward with a \$1.5M health benefits cost shift
- a \$1M Long term financial plan investment to strengthen the balance sheet – addresses vulnerability in primary and viability ratios
- a \$2 M strategic investment pool

President feels that it is important to go with the framework of the Governor's compact in our budget planning and make adjustments based on the final budget from the legislature. Reduction targets being worked on by planning units are \$3M, \$5M and \$8M – these different levels provide us with the ability to meet a higher cut if necessary.

The current budget funds Student Financial Aid's request for Gateway scholarships – Gateway is viewed by BPC as an important enrollment strategy.

Faculty concerns were expressed regarding perceived mixed messages on 'shared sacrifice' – we've seen more money go to ICA and executive pay while on the other hand we are shifting health benefits costs to employees and experiencing cuts at the bottom of the pay scale (classified).

There was a discussion relative to the amount of the health care cost shift would be borne by faculty and how much that possibly eroded the percentage increase being funded by the \$1.2 million additional investment in faculty salaries. There was a request for staff to provide estimates of these amounts. The combined 3% merit pool and additional \$1.2 million amounts to approximately a 5% increase in pay. Concern was expressed regarding the distribution of the five percent. There was discussion of linkage between faculty pay increases and outcomes such as improved student advising.

The President reminded the Council that there are tough decisions coming about programs, administrative structures, shared services. Deans expressed support for the health care cost shift as a means of reducing the magnitude of the base cuts necessary to balance the budget. They also endorse the investment in faculty salary increases.

Discussion took place about the budget reductions across planning units and the general fee areas. Due to concern and perceptions over 'shared sacrifice', we need to be very conscientious about the documents that are distributed and make sure that an accurate picture of the total situation is presented. For example, the planning unit reduction target sheet shows ICA with a \$0 cut, when in fact ICA is included in the new General Fee reduction process. ICA should not be included on the general fund reduction target schedule. **The general fee reduction target schedule will be shared with members of the BPC.**

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Vice President Decatur requested that the multi-year budget planning will be discussed at a future BPC meeting. BPC will discuss revenue and expenditure assumptions for two and three years out.

Discussed concern over levels of cuts occurring in administrative units – are cuts being felt at the top of the administration. Deans brought up that the new RCB model is coming closer to reality and that the ‘tax’ to support administrative units is exposing the ‘cost’ of those services. Questions are bound to arise about the levels of service planning units are receiving as it relates to the funding – accountability.

Bill discussed the new item on the ‘closing the gap’ sheet - \$1M long term financial plan to strengthen the balance sheet. This is in response to our need to set some base budget reserves in an attempt to strengthen the balance sheets and improve our SB6 ratios. The need to build institutional reserves is an agenda item for a future BPC meeting.

Key Issue position papers – Issues and Trade-offs – John Day volunteered to head a subgroup of BPC to draft several position papers in an attempt to provide better budget messages and information for the university community (subgroup - Phyllis, Morgan A, Gail & Wendy):

- Faculty compensation
- 3% raise pool
- Health benefits, etc

Health benefits changes that result in \$1.5M cost shifting – what changes to current plan are to come from this shift? Phyllis shared that there are position papers on the various scenarios that were developed by the Health Benefits task force which show the impact on premiums, cost sharing, etc. There will be a presentation to BPC.

**Senior AVP Finance** – Bill brought BPC up to speed on this current search. This position will oversee all core financial areas PLUS Budget. Position will be funded with one-time money until Larry Corrigan’s retirement. Not a new position but a replacement – this is the VP’s #1 Finance position and it is critical to enjoy some overlap before Larry’s retirement. BPC has been included on the candidate’s agendas when they visit campus.

**Cost Savings and Revenue Enhancement Priorities** – continuation of discussion of lists developed by BPC and David T.

- **Position Management** – assist with management of personnel budgets. Does not centralize control, but does inform the hiring decisions, links the positions and budget, and accommodates salary savings and attrition / turnover rate calculations
- **Hiring Freezes** – usually non-strategic in nature, one-time-savings; would rather manage savings/reallocations through the budget process

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- Business Service Centers – form of shared services, could reduce administrative costs by running business support operations more efficiently – transaction processing and knowledge based expertise; with advent of RCB many academic units are planning a need for a ‘strategic planners’...should we offer that expertise through a center and standardize the reporting and analyses and develop service provision experts
- OUCOM and Regional campus relation with Athens – current model is that those units are treated very independently and pay an ‘overhead services’ cost to Athens; the RCB study suggested that these units remain standalone;
  - currently looking at the relationships between Athens and regionals to provide incentives for both academic program offerings and distance learning (DL) opportunities; there are both mission and curriculum issues as well as revenue issues involved in the Athens and regional relationship – need to be more strategic in curriculum rather than just focused on course offerings
    - this issue is very strategic and has revenue implications and needs to be dealt with by a specifically charged task force
    - related to DL, is there an impact on retention and how does it fit into the University’s long term academic and financial strategies

More cost savings and revenue enhancement ideas will be discussed for next BPC meeting and then hopefully will get to prioritization and recommendations.