

Budget Planning Council Meeting Minutes
July 31, 2009
10:00 am – 12:00 Noon
HRTC 141/145

In attendance: Bill Decatur, Pam Benoit, Chuck McWeeney, Joe McLaughlin, Hugh Sherman, Jeff Fulk, Brenda Noftz, Tracy Kelly, David Thomas, Betty Sindelar, Michael Adeyanju

Absence: Kent Smith, Dennis Irwin, Sergio Lopez, Ann Tickamyer

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

Debrief on FY 2010 Planning Process and Recommendations for Improvements

Formalize Communication to/from President

Preparing and presenting formalized funding recommendations to the President is very important. BPC has not presented formal recommendations to the President in the past.

BPC should also be aware of the Presidential and Board Priorities for FY 2011. If there are areas that are going to be receiving funding, then BPC should be informed, so they can spend time discussing other priorities.

The President or a representative should present the Budget Recommendations to BPC, prior to submission to Board of Trustees. This would provide for better communication with the constituents.

The board retreat in August is centering on 'what are?' university priorities. This information should be helpful.

Multi-Year Planning (Long-Term Goals)

Given that we know that the state-funding situation is a long-term problem and that the cuts will be significant in a few years when the stimulus money goes away, the development of a multi-year plan puts us in a position to determine how we transform the university so that we are successful in the long-term.

Hopefully multi-year planning could help us realize the impacts of our decisions and how they will impact the next three years. When we are evaluating scenarios that we need to make \$20-30MM dollars over the next few years, then we will be able to make better decisions with the cuts that we are making in the present. The point is to realize how everything ties together with priority of funding of programs with available funds.

Planning BPC Meetings

Maintaining the meetings as scheduled regardless if everyone can attend. The meetings are important communication to clearly discuss any changes or any rumors. Coordinate with the Vision Ohio Steering Committee and other relevant workgroups, as necessary. Make sure the timing of decisions are known and can be taken into consideration. We need to know much earlier what priorities are so that we can budget for them throughout the year.

Make scenario recommendations, such as "if these funds are available, then we want to do these things." BPC prepared outlooks last year and saw disaster coming; however the federal stimulus funding and lottery revenues filled the gap, which if known, may have led to different recommendations. We would have realized larger budget reduction targets without the federal support.

Health Care institute - Health care is 1/6 of the economy today and growing, the fact that we restructured the university to take advantage of this is important for strategic changes. This was not in Vision Ohio.

Vision OHIO (Other Priorities)

We set an operating presumption that we would not be able to fund anything related to VO. We were actually unprepared for the governor's priority for funding education and the federal bailout, therefore, we moved ahead with fewer cuts and started looking at VO priorities, but this was very late in the process, and review of these items never made it to BPC.

Does Vision Ohio review the funding from general fund vs. general fee when funding priorities? This should be considered.

Review of 'priority drift'. BPC said not to fund the \$1.2MM in faculty salary increase, but the Board overturned this recommendation in FY 2009. The point is, perhaps maybe this was the right decision of the board, because we had a Vision Ohio plan that said to fund priorities. Also noted that Vision Ohio is 54 pages long and that basically this is not a strategic plan (basically we are for everything). Only two strategic items in Vision Ohio addressed ICA, and the largest significant increase in funding went to ICA, not to the 53 other pages of academic priorities.

General Fund/ General Fee

One of the things that we may need to look at is the balance between the general fund and general fee programs. Should we be looking at rebalancing these?

Early in the fall based on multi-year plans, there needs to be some parameters on the general fee. A strategic direction that we need to make is the balance between the general fee and the tuition rate.

Various Topics

To be consistent with the University System of Ohio (USO), there has been discussion about enrollment growth on the Athens campus -- we should be sure to look at regional campuses and distance learning.

We are very far behind in these areas of providing services to non-traditional students. This will require enormous investment. We have to compete for residential students (a decreasing target audience) and we need to focus on growth areas such as non-traditional students.

Internal Fee Committee (start up phase) and other committee's have been successful. Is there an interest in expanding participation in these committees? BPC needs to give these sub-committees a charter, etc. and to make the process as effective as possible.

Inter-collegiate Athletics (ICA)

We need to come to a conclusion or recommendation about what to do with ICA. The general fund is subsidizing ICA. They continue to increase the deficit, which is like saying that they basically have a budget increase. The ICA budget is undermining the financial control environment at the university.

The advisory council could meet again and look at closing the gap, but also look at the benefits of the ICA programs. Maybe we need to form a group that puts together a strategy to fill the gap with ICA budget. Someone from ICA needs to be part of this discussion so that ICA can provide the expertise regarding the budget and options for revenue generation and cost savings. Maybe students do not have to stay at a hotel the night before a game when the game is in town? The revenue assumptions were reviewed and only those deemed reasonable after outside review were used for the budget. We should look at summer camps to improve revenue. Not sure if the revenue actually makes it to ICA. This should be reviewed.

Advancement

We are using general fund money for financing the Office of Advancement. Should we even continue the advancement operations if we do not have the Foundation funds to support the operations? If the market returns do not provide the "management fees" that we can receive, then should we subsidize the operations. Private funds are needed, because this will be the only major new source of revenue, given state support reductions for years to come. There is a need to focus on raising private money since this is a major transition in wealth from one generation to another.

Updates on State Budget and Impact on Ohio University

Reviewed the "Impact of Changes in the Final State Operating Budget, House Bill 1"

Reviewed the Board of Regents materials.

- ❖ After reviewing the BOR materials, Bill addressed the risks associated with the budgets.
- ❖ The state budget was balanced with the lottery (video lottery terminal or VLT funding). This is a \$1B risk. There has been a legal challenge to stop the gambling. Plus, there is a lawsuit of about \$200-300MM from the tobacco settlement that is being allocated to fill the budget, but it is being challenged as inappropriate use of funds.
- ❖ This raises a risk of mid-year budget reductions.

Recommendation for Tuition and General Fee increase of 3.5%

The President needs a recommendation from BPA regarding a tuition and general fee increase by 3.5%.

This will raise \$2.6MM in tuition and \$0.5MM in general fee (total of \$3.1MM)

Discussion before motion:

- ❖ How likely is it that the state will make a cut mid-year?
 - If the lottery revenue is stopped this would be serious risk for a mid-year cut, unless other funding would be identified.
- ❖ What is the likely reduction scenario?
 - If a \$1B budget whole is realized, we could realize a 15% reduction in SSI.
- ❖ Currently, we have a \$2.2MM whole in our budget as a result of the final budget bill passed by the legislature, so part of the additional \$3.1MM will plug this shortfall, leaving \$0.9MM left. Some of this may have to go to needs-based scholarships.
- ❖ This equals a \$200 impact per student.
- ❖ If the BOR interpretation stands, we will be prevented from raising tuition in out years. So a recommendation is to increase a larger percentage in winter and spring, so that there is an annualized increase of 3.5% (with fee waivers going back to students).
- ❖ Impact on Graduate Students - the general fee would impact them if there was an increase on the general fee. If the increase was all loaded onto the undergraduate tuition rate, then there would be no impact on graduate students.
- ❖ This is going to be difficult for students, even if there is only a \$200 increase in the tuition. There will need to be good communication to the students.

MOTION: Bill Decatur - Increase in Winter 2010 and Spring 2010 (FY2010) that produces an annualized increase of 3.5% in total tuition and fees, depending on how the regents define the full year increase. If necessary, OU would refund back the portion of the tuition increase to make the effective rate 3.5%.

- 1) Joe - Seconded the motion
- 2) All in Favor (voice vote)
- 3) Michael is opposed to the tuition increase.
- 4) Motion passed.

Next Scheduled Meeting:

- First FY 2011 Budget Planning Meeting: September 18, 2009