

BUDGET PLANNING COUNCIL
September 19, 2008

In Attendance: Kathy Krendl, David Thomas, Chuck McWeeney, Hugh Sherman, Jeff Fulk, Betty Sindelar, Peter Wickman, Brenda Noftz, Joe McLaughlin, Dennis Irwin, Ann Tickamyser, Bill Decatur

Absent: Sergio Lopez, Kent Smith, Marlene Swartz, Michael Adeyanju

Staff: Rebecca Vazquez-Skillings, Diane Lucas, Katie Quaranta, John Day, Dawn Weiser, Elizabeth Warren, Casey Elliott, Ann Fidler, Gina Calcamuggio

Guests: Richard Carpinelli (for Kent Smith), Rebecca Watts

- I. Introductions
- II. Role and Charge of the BPC – Rebecca Vazquez- Skillings reviewed materials with members
 - a. Charge and roster are on the Budget Planning website
 - i. Expanded on the roles and responsibilities – represent the best interests of the university leaving planning unit and constituent ‘hats’ in the office and think globally about the best interests of OU
 - ii. Act as the liaison to your constituent groups speaking with one voice on the consensus decisions reached
 - iii. Must respect the sensitivity of topics and consider timing of distributing information to constituents.
 - b. Reviewed the charge with the BPC members, the duties, responsibilities, and structure of BPC, and the subcommittees that report up through BPC
 - c. Reviewed the *Overview of the FY 2010 Budget Development Process* and the Unrestricted Revenue sources for the FY 2009 Athens Campus Budget and some background on the revenue line items
 - d. Discussions will center on revenue drivers of enrollment and state economy and expense drivers of employee compensation, benefits, facilities, and the emphasis of moving forward on Vision OHIO initiatives
 - e. *Summary of BPC Meeting Topics* is the draft roadmap for BPC discussions for FY09
- III. FY 2009 Budget Implementation & Challenges
 - a. Enrollment Update
 - i. Numbers will be final next Friday – still processing International student registration
 1. almost all 4 year institutions in state are up based on yesterdays IUC CFO meeting report
 2. OU is up – up in transfers, out-of-state, multi-cultural, international, and retention!
 - a. Efforts to stabilize retention have paid off – we look to be up nearly 2% over prior year which is a significant accomplishment
 - b. Regional campuses are reporting significant increases also – they are reaching out to non-traditional students, contiguous states, as well as traditional students
 - c. After this year the number of traditional students (18-21) starts to drop off in the state of Ohio so challenge will be to maintain

enrollments by increasing non-traditional, transfers, out-of-state and international

- b. The Budget Environment: Economic Trends and State's FY 2010-2011 Budget Planning
 - i. State budget issues did not impact Higher Ed last spring
 - ii. Last spring BPC advanced a contingency plan to delay salary increases – the Board did not accept that plan and requested a plan that honored the Vision OHIO priorities – a revised contingency plan then advanced which included salary increases awarded July 1, hoped for increases in revenue from enrollment gains that were not budgeted, cost savings and efficiency initiatives such as shared services, possible fee increases initiated mid-year (fee cap issues)
 - iii. State has just announced another FY09 reduction of ~5% this month for state agencies, again exempting a large portion of higher education funding – SSI, debt service and OCOG
 - 1. Success Challenge will be decreased by \$300K
 - 2. COM subsidies will be cut
 - 3. Regional campus Access Challenge will be cut
 - 4. Special items such as Voinovich will be cut
 - iv. State economy and projections are still dismal
- c. State Budget Reductions
 - i. Total reductions – preliminary \$850,000 to OU
 - ii. Governor's budget will be in mid-January and will be the first glimpse of what 2010-2011 might look like for higher education
 - iii. IUC CFOs worked up a SSI formula – change from FTE driven (input based) to an outcome based formula
 - 1. the old formula will now be 'course-completion' driven and 'degree attainment' driven
 - 2. there will also be a piece of funding based on specific state goal attainment
 - 3. tests of the new formula happily did not have dramatic negative impacts for the institutions in the early years and OU could actually benefit in out years if we attain strategic enrollment goals
- d. OU's Response to Environment
 - i. State Scenarios
 - 1. Best Case based on yesterday's IUC CFO meeting – 0% flat funding and 4% fee cap – less than an inflationary increase in our revenue
 - 2. Middle Case – 5% cut in state funding w/4-5% max fee cap
 - 3. Worst – 10% cut in state funding w/4-5% max fee cap
 - ii. OU impact
 - 1. We need to model cut scenarios with best guestimates on key variables
 - 2. heading into a new biennium the revenue variables are completely up in the air – probably until late this fiscal year
 - 3. incumbent on us to look at scenarios and prepare the campus – not panic the campus
 - 4. we need to start planning this quarter for down-side potential that includes some planning unit reductions
 - a. looking for those plans from units to Budget Planning office by January so we have plans in place if need action yet in FY09 – a

- mid-year budget cut is still a possibility in the current environment
 - b. move forward with position review process
 - i. exempt all faculty hires that are in process now
 - ii. we need to control hires / vacancies and build one-time savings from vacancies to cover the FY09 impact of a budget cut due to the time it will take to implement budget reduction plans
 - 5. our enrollment attainment will quite possibly free up the \$500,000 enrollment reserve budgeted for FY09
 - 6. key initiatives geared at enrollment that were initiated with OTO funds have proven successful – we will look at those initiatives and determine which should be moved to base funding
- IV. Reserves – need for healthy reserves
 - a. For FY08 we had a positive net asset increase of ~\$22 million
 - b. Problem still exists between ‘net and gross’ fund balance...~\$62 million in book fund balance but ~\$77 million in carry forward authority is granted – problem from the past we are still trying to resolve
 - c. The OTO investments from academic reserves for academic initiatives in the past couple years have reduced the Provosts’s ability to invest in current new initiatives or assist with unit issues that might arise – colleges and planning units should not rely on central funds to assist as in the past
 - d. SB6 ratios still place us in the bottom quartile and we don’t have the healthy reserves of some of our peers
 - e. BPC would like to have a clearer picture of the existing reserves and the ‘health’ of those – institutional and academic reserves – and we are building the ‘balance sheet’ reserve with the FY09 line item for \$1 million
- V. Position review process – what is it and how will it work
 - a. Bill and Kathy will review positions and recommend hire to President
 - b. Working on what kind of data will be needed to inform the hire decisions
 - i. Asking units for current deployment of resources quantifying as much as possible
 - ii. Trying to standardize the request for information so information is in a form that will support decision making
 - iii. Developing position rosters for units to start moving toward staffing / personnel plans so that requests can be weighed and prioritized toward mission critical initiatives
 - c. Same process is being explored in redesign of budget building process so that ‘redeployments’ of funds from vacant position is transparent and understood in the context of the central budget

NEXT MEETING: October 10, 2008