

Budget Planning Council Meeting Agenda
September 25, 2009
10:00 am – 12:00 Noon
Baker Center Multicultural Multipurpose Room

In Attendance: Bill Decatur, Kent Smith, Betty Sindelar, Brenda Noftz, Joe McLaughlin, Hugh Sherman, Tracy Kelly, David Thomas, Robert Leary, Chauncey Jackson, Jeff Fulk, Scott Titsworth, Renee Middleton, Pam Benoit

Absent: Chuck McWeeny, Valerie Young

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

Guests: Steve Flaherty

- I. Role and Charge of the BPC – continued from prior meeting
 - RVS to come back with information on how to interface with VOSC and other planning groups – how to set priorities and establish BPC's role
 - RVS and JD will come back with proposal and diagram of relationships
- II. Establishment of Guidance / Parameters for Fee Committees
 - Fee Matrix – handout – Appendix IV; shared last week and a recommendation was made to identify reviewers and approvers as now shown
 - parameters of what type of fees will be reviewed -> not to review fees assessed to external parties if there is market factor at play – ie. Baker wedding fees, ticket prices, memberships at Wellworks
 - when units are having trouble budgetarily, their market based fees will be reviewed if the unit requires additional GF support -> Wellworks as example
 - Student Fee Committee – student course fees, fines – this group's actual set of guidelines from three years ago is shared in the handouts
 - PU review -> Student Fee Committee -> BPC -> President -> BOT approval
 - General Fee Committee – usage of General Fee by planning units to be reviewed with recommendation by student led committee
 - PU review -> General Fee Committee -> BPC -> President -> BOT approval of fee % as part of tuition and fee
 - Internal Fee Committee -> internally charged fees
 - PU review -> Internal Fee Committee -> BPC -> President
 - **Discussion**
 - OIT issues internal chargebacks for software / computers – how are contracts negotiated and how does OIT set pricing for internal and external customers – should BPC review those pricing arrangements and any mark-up?
 - Microsoft Office for instance, how is pricing set for copies under site license
 - is there a 'rebate' with those types of university contract -> if so, how is the revenue coming back to OU for those types of OIT contracts...does that come back centrally?, or to OIT?, does it factor into the prices charged to units for site licenses??
 - We need more transparency re: OIT chargebacks on site licenses...is chargeback based on cost recovery or is there some overhead or 'revenue generation' for OIT in the fee?

- Suggestion to breakout General Fee between “general fee” and “athletic / recreation fee” -> WRD pointed out that the uniform fee language which dictates how fees can be assessed may inform discussion...another possibility suggested was a name which continued to tie to general fee such as “General Fee: Athletics and Recreation”
- Student Fee guidance for FY11 – RVS looking for guidance today
 - Should be a threshold for considering a fee increase -> currently at \$10
 - BPC needs to determine when new fees and fee increases will be considered ...are the criteria in FY09 guidance acceptable?
 - Do we completely discourage new / increased fees or recognize that there have been no 3-9 increases and that this is one way to cover fees that were previously absorbed by depts.?
 - New activities = need to clarify that this is new courses with corresponding direct consumables
- Internal Fee guidance – building inventory and striving for transparency in the fees that are charged across campus to departments by departments. A list similar to that with course fees should come to BPC for review
- General Fee guidance – what work does BPC have for the General Fee committee
 - is funding available for committee to distribute?
 - We need a framework for General Fee supported departments to request new funds and also to report how they propose to take various levels of cuts - > armed with that information, recommendations can be made regarding the balance funds between instructional and general fees
 - must define a process that protects against ‘Washington Monumenting’ in all department proposals -> this issue exists in any budget process ... if this is seen happening, it must be called out at any time it is observed
 - Tracy K questioned the representation of graduate students on the General Fee Committee
 - BPC discussed one additional graduate rep; BPC approved that addition and Tracy will make the appointment

III. Review of Potential Budget Scenarios Presented to the BOT

- Review of one of the multi-year scenarios - Optimistic Revenue and Desirable Expenditures selected for review – 9/24/09 version
 - ‘Revised Budget’ column reflects WQ tuition increase and increased support for OCOG-eligible students and full-tuition scholarship recipients
 - Not in scenarios - OTO over-attainment of enrollments impact on tuition revenue and corresponding expense and \$750K in additional Advancement Base support
 - Decisions:
 - Should we consider **Fall 2009 enrollment increases as ‘base’** – CC reported that all enrollment metrics show improvement -> 2046 headcount increase for the entire OU system...FTE on Athens campus ~ 500+ year over year; ~ 450+ over budget; retention solidly up 1%
 - Fear that is festering regarding this good news -> private loan market is not available like it has been in the past...not as easy to obtain loans through this market for students with and without a co-signer...students looking for additional funding and there just isn’t any! Students are needing \$8,000 on average and it appears, on average, they can only pick up around \$4,000 ... fall to winter retention could be hit harder and impact our positive fall enrollment numbers

- The university has not yet confirmed the full impact on revenues; will need to await information regarding fee paying students.
- **State shortfalls** are likely due to loss of gambling revenues – State supreme court ruled that video gambling issue is subject to referendum...will be on ballot next November. As a result, there is already a gap in the State's projected FY 2010 revenue. The impact on the FY 2011 budget is not known either. Revenue generation opportunities will not likely occur until after the vote
 - Casinos in municipalities to be voted on this November but if successful those revenues won't be available short-term and the impact on the video gambling revenue generation is unclear.
- **Optimistic revenue** – tuition increases in model now at 3.5% each year...BOT has indicated that increases are not a given and this will require much discussion; Non Resident Surcharge and grad tuition have been held flat for several years but we will have further discussions;
 - **State Share** supported by the state general revenue is only projected to drop 1% for FY11 based on current 'stop-loss' provisions which likely won't hold up at state level given current decreases in state funding -> state review of stop-loss language being scheduled now
 - Stimulus money (\$20M+) disappears completely by 2012
- **Desirable expenditures** include salary increases at 3%, UG financial aid at 3.5% to match tuition increases, health insurance at 9% - will be refined by HBAC, utilities at 11% based on AEP approved increases and other inflationary increases
- **Bottom-line** given the assumptions outlined - **\$20.9M loss for FY11**...lots of work to do...proposed schedule for major issue review included on agenda

IV. Schedule for In-depth Review of key assumptions – attempt at an integrated schedule

- Oct 2 - BOT conflict -> TRY AFTERNOON; Nov 6 - is OUF BOT meeting all day...reschedule?
- Standing agenda items each meetings -> Contingency for current year cuts; FY12 issues on the radar

V. Process to Translate Key Assumptions into PU Budget Targets

- Budget office will send out ALL budget guidance to ALL units at the same time – general programs units, general fee units, auxiliary units
- Before Fed Stimulus money came to the states last year, and ultimately our way, we were dealing with \$20M, \$30M, and \$40M reduction scenarios; planning units were asked to begin thinking about reductions within these ranges. Similar activity will need to be undertaken.
- Development of funding priorities will be undertaken at the same time planning units are asked to consider reduction scenarios - > there will be simultaneous reduction and priority work occurring in units -> multi-level and layer processes
 - BPC recommendations will have to provide the relative priority of expense and revenue drivers -> how do we communicate 'projected' key driver values into instructions to planning units without those projected driver values becoming interpreted as the budget reality? Need to ensure University community is able to distinguish the need for planning activities from a determination of the budget reality.

- Simultaneous projects and the communication of the processes underway are likely to be picked up and miscommunicated so we must be mindful of how we communicate
- Bill offered up to the constituent groups and others that BPA and he would welcome invitations to help share the message at their meetings

VI. Next Scheduled Meeting: October 2, 2009, 2-4 pm, Baker Multicultural Center Conference Room