

Budget Planning Council Meeting Notes
October 14, 2011
10:00 AM – 12:00 PM
Ellis 113

In attendance: Pam Benoit, Steve Golding, George Cheripko, Kyle Triplett, Elizabeth Sayres, Lisa Kamody, Greg Kremer, Renee Middleton

Absent: Tracy Kelly, Joe McLaughlin, Kent Smith, Randy Leite, Howard Dewald, Claudia Hale, John Gilliom

Staff: Michael Angelini, Marjorie Mora, Dawn Weiser, Steve Flaherty, Katie Quaranta, Diane Lucas, Becky Watts, John Day

I. Senate Bill 6 Ratios – Mike Angelini

- SB6 enacted by the legislature in 1997 – measurement device for institutions of higher education to gauge fiscal health
- The university's financial results are reported to the state quarterly
- Annual 'Composite Scores' – a score of 1.75 or less for 2 years places an institution into financial watch; Central State University is only Ohio institution to have been placed on watch
- Handout
 - Historical view of data, ratios and scores from FY03 – FY11
- FY11 financial statements have just been finalized with the state
- Viability, Primary Reserve, and Net Income Ratios -> these are the 3 ratio calculations performed based on the audited results for all state institutions
- Composite Score is computed based on the 3 ratios noted above, their resultant score (see table at the bottom of the handout) and a priority weighting
 - This computation is performed the same by all state institutions and drives a degree of comparability
 - OUs favorable FY11 performance and resulting Expendable Net Assets, which included the one-time transaction of \$27M realized from the Somavert monetization, was significant and it is expected that OU's FY11 score improvement will be better than the other state institutions
 - OUs 0.3 increase from 3.9 in FY10 to 4.2 in FY11 should benefit OU as a sign of fiscal health
 - Becomes an important indicator in the discussions with trustees as we move toward considering funding options as the state support declines
 - Our academic facilities are in dire need of capital improvements and being considered fiscally healthy will impact trustees decision making regarding debt for improvements

II. Sources & Uses – Mike Angelini

- The Sources and Uses tool is used to report operating results of the university for the trustees
- Tool has been used for 1 year and is still being enhanced, improved, driving decision-making and informing about the university's finances
- Handout reflects 3 years of the sources and uses of funds for the entire unrestricted and restricted university activities – Athens campus, regional and outreach, College of Medicine, Auxiliary operations
- Mike discussed each line of the sources and uses; some highlights:

- Line 1 Tuition and fees showing a steady uptick since 2009 – principally due to enrollment growth, increased tuition and online / distance education growth
- Line 2 Investment income shows the market swings year over year
- Line 7 State Appropriations – shows steady decline trending state support
- Line 12 Other Sources includes other income not captured in lines 1 thru 10 as well as unique transactions such as the Somavert
- Line 15 Salaries & Wages, including benefits, is the single largest expenditure category
- Line 19 Professional Services reflects contracts for various services; the growth trend is attributed in large part to the costs paid vendors providing online learning programs (also driving some of the Line 1 growth)
- Line 24 Other Expenses includes depreciation, equipment, and other operating costs not captured specifically in other expenditure line items
- Line 6 & 25 is the receipt and transfer back to units for federal indirect cost recovery; when spending occurs there is a corresponding transfer through line 32 and the actual expense hits in categories summarized in lines 15 thru 24
- Line 36 reflects Net from Operations for the 3 years; these data points agree with the Senate Bill 6 Ratios handout, line 14 Changes in Total Net Assets

III. Next Meeting

- **October 28 in Baker 2nd Floor Multicultural Multi-Purpose room**
- Winter and Spring quarter BPC meetings will be scheduled and Ellis 113 will be explored as the first choice meeting venue based on discussion at the meeting