

BUDGET PLANNING COUNCIL
October 17, 2008

In Attendance: David Thomas, Chuck McWeeney, Jeff Fulk, Peter Wickman, Brenda Noftz, Joe McLaughlin, Ann Tickamyer, Kathy Krendl, Bill Decatur, Betty Sindelar, Kent Smith, Michael Adeyanju, Sergio Lopez, Hugh Sherman

Absent: Dennis Irwin

Staff: Rebecca Vazquez-Skillings, Diane Lucas, Katie Quaranta, John Day, Dawn Weiser, Elizabeth Warren, John Demmler

Guests: Rebecca Watts, Steve Flaherty

OPENING NOTE: Sunshine Law – Legal counsel’s interpretation of the law is that meetings of governance bodies such as the Board of Trustee are open to the public, but all other meetings are not open. There has been an issue about process and openness when it comes to The Post attending BPC. BPC is not a governance group, but instead an internal planning group, and therefore not open to the public. The Post argues that it is in the public interest to report the meeting’s proceedings in the current budget environment. Kathy expressed that the attempt has been made to broadly represent the campus constituents groups and that their reps are the reporting vehicle. Also, those representing constituent groups deserve the opportunity to engage in the process and speak freely without fear that what we say will show up in the press.

- I. Method/Criteria to Prioritize Investments
 - a. FY 2009 Reduction and FY 2010 Budget Development Processes – from last meeting it was asked whether we ‘should have some standard criteria by which to judge and prioritize investments’
 - i. QUESTION ... does BPC ‘decide’ areas of priority? BPC makes recommendations on how to deal with issues of budget difficulty. BPC can and should weigh in on the difficult budget issues, for instance, BPC has in the past been very instrumental in impacting the instituting of differential reallocations in the past.
 1. Should BPC weigh in on the way planning units institute their reallocations or is that micro-management?
 2. Should there be a combined committee of VOSC and BPC members? BPC is willing. How to establish the committee – Kathy will pull out the memberships and try to get a mix – send Kathy a note if you are interested in serving.
 - a. This group needs to ensure linkage in these times of budget reduction
 - b. Potential Criteria
 - i. Revenue Generating Initiatives
 - ii. Cost Reduction Initiatives
 1. University-wide Shared Services Opportunities
 2. Procurement Initiatives and Policies
 3. Prioritization of Program/Services

- a. Must consider centrality to mission – what might we consider not doing anymore in order to preserve what is vital to us succeeding
 - b. What is the process we will use to consider priority of support units? We must define a process for prioritization.
 - i. Bill shared his participation at UT in prior difficult times
 - 1. developed criteria
 - 2. there aren't the metrics for support units that there is for academic programs
 - 3. morphed the criteria development process at UT into a continuous improvement initiative – looked at the centrality to mission of support units, did UT need to do it in-house, could / should service be outsourced and at what cost / savings
 - ii. What level of service and support is the university willing to live with / without
 - c. Students did a similar impact analysis when they reviewed budget requests for the General Fee – they considered program centrality and criticality to mission in providing funding recommendations.
- iii. Vision Ohio Initiatives – QUESTION ... how do the VOSC, weighing Year 2 initiatives, and BPC, discussing cuts of \$5-13 million, intersect (see I.a.i.2. above)?
 - 1. VOSC gets requests for Year 2 investments – we are not turning off the valve for discussion of new investments even given the tough budget environment...we need to prioritize and monitor the progress on the strategic plan
 - 2. BPC needs to determine how to make funds available for priorities in the difficult budget environment
 - 3. Question is 'how much are we able to invest' and BPC must weigh competing needs of salary, benefits, and 3-9 increases and reallocation of existing resources to fund initiatives
 - 4. State still discussing preserving SSI funding – maybe the situation won't be as difficult as the planning scenarios; also discussions of tuition flexibility at state – lots of unknowns but prudent to plan for negative impacts
- iv. Other
 - 1. consider the entire biennium when considering our priorities – try to be strategic and not opportunistic – Strategic Reduction Plan
 - a. in base budget planning, cut targets to planning units need to be higher than the amounts actually expected to be cut so that prioritizing is obvious
 - i. must deal with the imminent 'Washington Monumenting'
 - b. Deans and VPs vet reduction scenarios and consider the priorities

- c. Need a template by which to report in on the way units would make reductions and the unit prioritizations and rationale

II. FY 2009 Contingency Planning Continued

- a. Review of Potential Shortfall (~\$5 - \$13 million) – Bill indicated that the \$13 million target is more realistic given the dismal market and state economy; international enrollments continue strong for winter and spring which has some upside potential
- b. Establishing Planning Unit Reduction Targets
 - i. Determine portion of projected \$13.4 million shortfall to be absorbed by Planning Units if the state were to cut by 5% and the investment income target stays at \$0 (see Revised Net Inc(Dec) to Fund Balance from Assumptions)
 - 1. Enrollment and balance sheet reserves total \$1.5 million – should we apply those towards the projected deficits? There is an opportunity cost in that this \$1.5 million would not flow to Fund Balance and go toward improving our SB6 ratios.
 - a. There is no other short term ramifications as long as enrollments remain strong -> impacted by credit situation and risk of returning international students
 - b. Consider timing of committing this \$1.5 million in reserves yet
 - 2. Translates to \$13.4 million in reductions to cover projected FY09 one-time shortfall
 - ii. Potential Options for setting Planning Unit targets – not mutually exclusive options
 - 1. Option 1 – Historical method
 - a. use current accepted exemptions and then arrive at ATB reductions to PUs
 - 2. Option 2 – Analysis of Vacant Positions – hoping to have a clean look at vacancies by end of October to send out to the planning units
 - a. Look at funded vacant positions and the expected savings
 - i. Work with units on what positions have been backfilled and portion being used for searches
 - ii. Hiring freeze designed to free up funds on a one-time basis
 - 3. Option 3 – Differential Strategic Targets Based on Review of PU FY 2010 Reduction Scenarios to be Presented in Jan/Feb 2009
 - a. It is planned to give PUs guidance in early- to mid-November to start developing the FY 2010 budget
 - b. Within the next 2 weeks hope to have BPC weigh in on some of the assumptions for FY 2010 budget
 - c. Reduction plans for FY 2010 would be available to use as a basis for freeing up funds for any cut for 2009
 - 4. Other
 - a. Some combination of option 2 & 3 together

- i. Use vacant position as basis for analysis of what targets should be – option 2 is ‘opportunistic’ and option 3 sets us up for base reductions in FY 2010
 - b. The structural deficit in the ICA is an issue that needs to be addressed BPC must look at this item and the contribution that the various sports (both expensive and less expensive) make to the mission and their criticality
 - i. BPC will come back to ICA for the FY 2010 plan
 - ii. The magnitude of the ICA issue has the potential to impact some mission critical plans such as renovating our dorms to remain competitive, etc.
 - iii. Any additional ‘study’ of ICA needs to be conducted in a very deliberate way
- iii. For FY 2009 Contingency Planning – HOW TO BRIDGE TO THE END OF THE YEAR
 - 1. establish the reserve ‘accounts’ and allow the PUs to populate the account with transfers in from position vacancies, carry forward and other on-time funds
 - 2. Vacant position report will be provided by the end of October - how to use the information extrapolated from the report...:

III. FY 2010 Budget Planning

- a. Discussion of Assumptions and Criteria (Revenue and Expenditure)
 - i. Model shared at BPC builds in some assumed increases as well as declining state subsidy; model currently doesn’t include increase assumptions for salary, benefits, tuition, etc. BPC assumptions are not yet built into the model.
- b. Determination of Scenarios to Use for Budget Development
 - i. Finalize Reduction Scenarios (Estimated Expenditure minus Estimated Revenues)
 - ii. Provide Guidance to Planning Units to Build Budget Scenarios

NEXT MEETING: October 24, 2008, 10-NOON,