

BUDGET PLANNING COUNCIL
December 5, 2008

In Attendance: Jeff Fulk, Peter Wickman, David Thomas, Joe McLaughlin, Bill Decatur, Michael Adeyanju, Kent Smith, Ann Tickamy, Betty Sindelar, Sergio Lopez, Brenda Noftz

Absent: Dennis Irwin, Chuck McWeeney, Hugh Sherman, Kathy Krendl

Staff: Rebecca Vazquez-Skillings, Dawn Weiser, Marjorie Mora, Becky Watts, Katie Quaranta, Ann Fidler

Guests:

REGULAR AGENDA:

Bill shared highlights of the Governor's press conference. Projections for FY09 deficits are larger than the original estimates and could be worse based on end of year sales. Nations governors are looking to President-elect Obama for potential aid to states. Next biennial budget is 'unbelievable' with a projected \$7.4 billion deficit over the 2 years. Unless major federal aid, economy turns around or there is a tax increase our worst case scenario could look more like a likely case.

- I. FY2009 Revised Savings Targets
 - a. Inclusion of General Fee Supported Units – those units will be included in the cut allocation
 - b. Inclusion of Exemptions Previously Excluded In Error due to scholarships
 - c. Disaggregation of Voinovich School from College of Arts & Sciences data – stand alone planning unit for this year rather than still a part of A&S

Will share targets with PUs next week – average 4% reduction. Salary savings info due to the budget office today from planning units and will be used to arrive at planning unit targets for the FY09 \$13 million reduction target.

FY10 targets will be sent next week also - range of cuts 9% for academic units and in the 20%+ range for academic support units.

Hiring freeze – requests are being scrutinized by Kathy and Bill. Summary information on totals and results will be shared with BPC.

Bill shared the VPF&A method of trying to achieve his unit's FY09 targeted savings of \$2.9 million and at this point may be up to \$500,000 shortfall.

Other ideas:

- Clemson model furlough – 5 days without pay – days to be taken throughout the balance of the year -> 1 week without pay ~ 1.8%; this idea of sharing a 'cut' has been discussed across campus and there is some buy-in to this type of 'sharing'; also that higher salaries might be impacted by a longer furlough

- This type of solution is a ‘one-time’ fix and would not impact base budget issues for FY10
- Mid-year tuition increases are not possible unless caps are removed mid-year – highly unlikely
- Must consider and prioritize the other aspects of university spending – classroom teaching vs other, less participatory aspects of the college experience (sports)
- Eliminate discretionary expenses that are perceived ‘frills’ - \$200,000+ in cell allowances equates to 3-5 jobs

II. Overview of Centrally Prepared Budget Items and Key Expenditures

- a. Healthcare Benefits (\$36.9 million)
- b. Base Budget Reserves in current funds budget (\$5.4 million)
 - i. Enrollment Reserves (\$700,000)
 - ii. Financial Strength (\$1 million)
 - iii. Other Academic & Institutional Reserves (\$3.7 million)
- c. Central Pools Items, Including – will provide summaries of what are currently called the ‘Finance Central Pools’ and ‘Administrative Central Pools’
 - i. Employee Fee Waivers (\$5.8 million)
 - ii. Debt Services (\$4.5 million) – budgets for debt service also exist in planning units and there will be an attempt to consolidate for presentation to this group
 - iii. Utilities (\$10.5 million)
 - iv. Scholarships & Financial Aid (\$18.8 million & \$1.8 million from carry forward) – other scholarships are provided through endowments
- d. Graduate Fee Waivers (\$24.9 million)
 - i. Deans and Provost are discussing this issue
 1. we overspent grad fee waivers last year by \$1.5 million
 2. fee waived grad students account for nearly 100% of our graduate enrollment
 3. more information to come when John Day present

III. Impacting the Healthcare Benefits Budget – what is the willingness to deal with the healthcare benefit as a way to deal with budget deficits? How many alternatives can we put on the table from which to make choices? We are all consumers of this service and it is important to us.

Suggestion from faculty - a discussion on health benefits needs to be preceded by a solution to the shared governance issue – the Faculty Handbook details a process that indicates changes to the health plan will be presented by Benefits Advisory to Faculty Senate for approval - it has worked that way until the last change made to the health plan. This is a friction point with Faculty Senate and BPC faculty recommended a conciliatory effort be made to make up for past. A larger outcome was suggested - that we should move toward a solution to the issues surrounding shared governance on campus.

Bill will take the specific discussion on the shared governance issues to the Provost and President. Bill also asked that the constituent reps on BPC please go back to their groups and get some feedback and possible recommendations on healthcare options – this is a critical issue that needs to be discussed quickly for decisions in mid-February.

- a. Price
 - i. Utilization
 - 1. Type of Care, Frequency of Utilization, Place of Utilization
 - ii. Seek Regional Shared Services & Consortia Opportunities
- b. Plan Offerings
 - i. Plan types: Medical, Drug, Dental, Vision, etc.
 - 1. What about eliminating offerings that aren't so good such as vision or dental – Vision elimination would save ~\$200,000
- c. Cost Sharing / Plan Design
 - i. Premiums (1% change in Employee share = \$316,000)
 - ii. Co-pays (1% change in Employee share = \$32,000)
 - iii. Coinsurance
 - 1. CHANGE CURRENTLY UNDERWAY - UHR is negotiating with Anthem to create a lower tier of reimbursement with Holzer – Holzer's higher reimbursement rates with Anthem due to their monopoly in certain areas of the state would cost us 10-15% more for a primary care visit and 40-50% more for specialty fields
 - iv. Tiering
 - 1. Suggestion made that if rates do increase for employees that the increases follow the current price distribution model
- d. Revisions to FY 2010 Estimates
 - i. Current Milliman Estimate is for Relatively Flat Budget
 - 1. compared to 7% increase in BPC model
 - a. if comes in flat as was previously projected is a \$2 million savings on the healthcare budget
 - 2. projection to be updated in January
 - ii. Rx Ohio Collaboration: Projected Savings of 7% (\$500,000)
 - 1. July 1 implementation of a new Rx plan effective July 1 – joint effort with OSU, STRS, and PERS – now the largest prescription drug buying consortium in the country

IV. NEXT MEETING: November 19, 2008, 10-NOON, Baker Center 235