

Dear Colleagues:

As another successful academic year ends and the fiscal year winds down, we provide an update on various budget and planning matters below.

### **FY 2011 Proposed Budget**

At the June Board of Trustees meeting, we will present information on revenue and expenditures associated with the FY 2010 university budget along with the proposed budget for FY 2011.

The FY 2011 proposed budget reflects the approximately \$13 million in base budget reductions that formed part of the university-wide budget conversation held over the last academic year. Some of the reductions involved the loss of positions. Job losses have been reduced now to 14 full-time and 4 part-time positions. We regret that all employees whose positions were abolished have not been placed, but are grateful for the work of University Human Resources and the cooperation of planning units, which have made it possible to reduce the number of layoffs.

In order to sustain the university in its mission, a collection of investments are part of the proposed FY 2011 budget. The FY 2011 Athens Campus General Fund and General Fee budgets include investments of \$11.6 million in both base and one-time-only funds to support strategic investments for strengthening the curriculum, expanding enrollment management and recruitment efforts, making progress on faculty and staff compensation, and improving the financial strength of the university.

The largest share of the investments, \$5.8 million, will support compensation and personnel-related expenses with another \$2.3 million used to strengthen the curriculum and ensure instructional capacity to support student enrollment. Some of the specific investments included in the \$11.6 million are:

*Instructional Capacity Pool:* The FY 2011 budget includes a \$1.0 million pool to preserve Athens campus instructional capacity. Establishment and use of this pool will enable the University to maintain approximately 200 sections on the Athens campus, which will support our students' progress in their academic programs.

*General Education Instructional Improvement Project:* The proposed budget includes \$400,000 to increase capacity for general education instruction. This investment funds full-time instructors in key general education courses.

*Nursing Program:* A second year of funding is provided to support the development and growth of the new Athens-based Bachelor of Science in Nursing (B.S.N.) program initiated in the 2009-2010 academic year. In addition to base funding of \$400,000, one-time investments of \$135,000 are also provided to support other B.S.N. programmatic needs.

*Arts for Ohio:* The proposed budget includes \$300,000 in one-time-only support from the General Fund to continue allowing students to attend arts and cultural events free

of charge and to enrich arts programming and partnership opportunities across the Athens campus.

*Financial Aid:* Investments in undergraduate financial aid total \$1.3 million while graduate waivers will be increased by \$428,000. These resources will help offset the costs of increased instructional and general fees to our neediest students, both current and incoming freshman. The budget plan also calls for a one-time investment in the graduate student General Fee buy-down to fully offset the increase in the General Fee for graduate students eligible for fee waivers.

*Academic Marketing Plan:* An investment of \$600,000 is provided to advance marketing initiatives designed to increase enrollments. Enrollment is the primary revenue driver for the University.

*Balance ICA Budget:* The FY 2011 proposed budget establishes a balanced budget for Intercollegiate Athletics with an investment of \$620,000 accompanied by expenditure cuts of \$600,000.

*Maintenance of Reserves:* The University will continue to budget an enrollment reserve of \$700,000 to guard against potential shortfalls in enrollment. Additionally, a base reserve of \$1.0 million is maintained to strengthen the University's balance sheet and address structural financial issues.

### **\$750,000 Faculty Merit Pool**

Along with the across-the-board 1% salary increase to be distributed to all university employees, an additional \$750,000 will be provided to academic units for faculty merit and equity adjustments if enrollment targets are exceeded. A determination as to whether enrollment targets have been exceeded will be made in the fall. John Day, Associate Provost for Academic Budget and Planning, has prepared an explanation of how the determination will be made. His analysis is available on the EVPP website <http://www.ohio.edu/provost/>

### **Phase I Projects**

Updates on Cost-Saving, Revenue, Structures, and Efficiencies Phase I projects derived from suggestions made to the budget suggestion website are available at <http://www.ohio.edu/provost/upload/Phase-I-II-May-Updated-6-10-10.pdf>. Work on many of the Phase 1 and Phase 2 suggestions will continue over the summer.

### **Summer Multi-Year Planning Work**

Two elements of our multi-year planning effort will take place over the summer: research connected to the university environmental scan and budget meetings with planning unit heads. Some concerns have been raised about undertaking work on the multi-year plan during a time when faculty and students are not typically on campus.

We understand the importance of making sure that both groups can contribute to the multi-year planning work. As a consequence, summer activities are primarily

background work needed to gain a better understanding of planning unit budgets and to inform the University Environmental Scan. This background work must be in place by the fall if we are to meet the oft-requested goal of pushing our budget planning earlier so that units have more time to plan. The substantive part of the multi-year planning work, namely interpreting what the information tells us about the course that we need to pursue, will not take place until September when faculty and students return.

In our meetings with planning unit heads during the summer, we will discuss their current budgets, unit activities, and staffing so that we can acquire a more detailed understanding of revenues and expenditures within units. Our experiences in the budget reduction process for FY 2011 convinced us that we needed a more intensive knowledge of planning unit budgets and the summer will provide us with an opportunity to acquire that knowledge in advance of the FY 2012 process.

The University Environmental Scan Team will meet periodically over the summer. As they progress through their research we will post updates on a University Environmental Scan webpage (<http://www.ohio.edu/provost/Environmental-Scan.cfm>). We encourage you to follow their work.

On a personal note, we thank our colleague Rebecca Vazquez-Skillings, Assistant Vice President, Budget Planning and Analysis (BPA), whose exceptional integrity, insight, and dedication have made immeasurable contributions during her tenure at Ohio University. We will miss her greatly and wish her the best as she takes up her new position at Otterbein College. Over the summer, John Day will direct the daily work of the Office of Budget Planning and Analysis on an interim basis. We thank him for his willingness to take on these additional duties. After June 25, please direct any inquiries that you have related to BPA to your assigned budget analyst or John ([dayj@ohio.edu](mailto:dayj@ohio.edu)).

Sincerely,

Pam Benoit  
Executive Vice President and Provost

Mike Angelini  
Interim Senior Vice President for Finance and Administration