

**Budget and Planning Committee**  
**Meeting Minutes**  
**April 24, 2013**  
**Ackerman Alumni Room**

Present: Jeff Carman, Les Mueller, Ken Watson, Ray Brown, Joyce DePriest, David Lageson, Elwin Martin, Rachel Hawes, Stephen Jenkins, Michael Sell, Andy Ashe, Sue Cain, Lara Moore, President Davies, Provost Adkison, Helen Moore

1. Jeff Carman called the meeting to order at 1:00 pm
2. Minutes from the April 10th meeting were approved as submitted.

Jeff reported that Ken Watson had submitted a score sheet via email that could be sent to departments for their use when preparing/evaluating their budgets. Stephen Jenkins offered that sending the score sheet now might be bad timing. Ken agreed, but said maybe the score sheet could be included with future budget requests submitted to the Budget and Planning Committee. Stephen noted that departments are already responding to requests for information as part of the Administrative Program Review updates and that possibly that information could be utilized by this committee.

Jeff asked if there were any suggestions for processes as the committee continues to review budgets. Ray Brown suggested that units be asked to provide prioritized lists, such as Tier 1, Tier 2, etc., rather than leaving it to the Budget and Planning committee to prioritize the requests. He also stressed that we need to look at what is needed to maintain current programs, rather at enhancements to current programs or implementation of new programs. Ken agreed and gave the example of the need for maintenance on various scientific instruments housed in Badgley Hall. Jeff asked if the committee members agreed that maintenance of current programs should be prioritized higher than new programs. The committee members answered affirmatively.

Ray also stated that we need to investigate in-house options to save money, such as asking students who are already getting Fee Remissions to help with recruitment phone calls. He suggested offering practicum credits to students making recruitment calls, rather than paying a salary, might be another option. Jeff wondered if there were other revenue growing options such as CRM, which is a program to enhance communication within the recruitment process. There has also been discussion regarding reinstating the \$50 application fee.

Ken Watson asked if it would be possible to compile the requests for increases in budgets from all the units into one document. Jeff agreed to facilitate creating that document and will bring it to the next Budget and Planning Committee meeting.

Bob Davies reported that recent budget discussions have been very positive and feedback has been good.

Lara Moore explained details of the Quarter 3 (Q3) Management report. At this point EOU is projecting a 5% fund balance. She noted that this was achieved through one-time budget transfers from various auxiliaries (stressing that the auxiliaries were left with adequate funds to do business through the end of the fiscal year), applying some Educational & General (E&G) expenses to designated funding sources (such as Eastern Promise and Capital Construction) and continued savings in the services and supplies

budgets. She noted that the actual budget transfers will not occur until the end of the fiscal year and then they will be made as needed. Bob and Lara will be available to answer questions from the OUS financial staff as necessary. Both Bob and Lara stressed that these are one-time only fixes. EOU is dealing with both short-term and long-term issues. We have been able to provide a short-term fix, but we still have to deal with the long-term issues. For many years EOU has been operating in a feast and famine cycle that is not healthy for the institution or the campus employees.

Bob responded to questions regarding reserves, revenues and cost projections, some of which were submitted previously via email. (See the [University Sustainability Plan Update: 4/11/13](#) for additional details). Discussion included:

- During five of the past eight years, EOU expenditures exceeded revenue, which have resulted in continued reduction in our reserve balances. There have been major fluxuations in state support and the years where revenue exceeded expenses there were one-time investments from the state and/or federal stimulus money.
- Personnel costs continue to increase. 88% of our budget is now to pay for people.
- State support continues to decrease. It is enrollment driven and also based on the enrollment of the other OUS institutions. For example, there is a fixed amount of state support available and if other OUS institutions show a better enrollment picture than EOU does, then our percentage of that support is reduced. It is very difficult to accurately project the amount of future support. In addition, beginning with the 2014-15 fiscal year, 30% of our state funding will be based on outcomes rather than enrollments. Unfortunately, a significant portion of those outcomes could be tied to research and specific programs will be given more weight when calculating outcomes. However, in an attempt to keep from disadvantaging the regional universities, they are allowed to add one program to the pool that will receive the extra weight. Because of the high number of graduates, EOU expects to offer our Business Program to receive the extra weight.
- Although we have a 30% higher FTE than in 2006 and tuition rates have increased approximately 12%, our actual revenue increase has only been about 15%. We cannot continue to rely on tuition to make up the deficit. U of O is doing well financially, but 55% of their freshman class is out of state. Average out of state tuition is about three times that of instate tuition. EOU's out of state rate is just above twice that of our instate rate. And while, that will likely increase some, it is doubtful that we would go as high as three times our instate tuition. The benefit of out of state tuition was included when the sustainability plan but the full impact won't be realized for a few more years. Another factor to note regarding out-of-state students is that we will continue to receive state support for out-of-state students for one more year, but at that point state support for all out-of state students (except those from Washington and Idaho) will end.
- Currently, it costs us approximately \$11,000 per year to educate a student and we receive \$10,400 in revenue for each instate student, which represents a \$600 per student loss each year. However, our costs are stepped, rather than curved, so it is in our best interest to stay at the top of a step without going over it. In order to accomplish that we need to figure out where each step is.
- We also need to create a more thoughtful plan of budget and expenditures. One option being seriously considered is cancelling under enrolled (ten or fewer students) classes. Based on the average faculty salary, every under enrolled classes lose money and approximately 32% of our courses are under enrolled. Cancelling these classes will result in a cost savings, but we need to also be careful that there are not unanticipated consequences, such as students deciding to

- take a similar course elsewhere. However, based on things such as Federal Financial Aid course load requirements the impact of the possible consequences should be minimal. Cost savings should be realized from a number of places including reduced number of adjunct faculty required and fewer overload hours. Workload could be distributed more efficiently. Note that there are a number of types of courses that would be exempt from the minimum class enrollment requirements, including capstone, course by arrangement and research courses, but ways to compress them are also being investigated. Cross listed courses will be considered as well. The process will most likely be an inconvenience at first, but it is industry standard practice and it should not take long for EOU to adjust.
- There was discussion regarding possible savings from moving to a semester system. Several advantages were addressed, but Bob stated that this was a very political subject and OUS has historically been unsuccessful in attempts to institute a semester system.

Bob noted that the process and dialogue regarding the draft plan will continue and it will be brought back to this committee for review before it is presented to the campus community. He asked the all questions and/or rumors be sent to him for response.

It was asked if a FAQ regarding the process could be posted to help diffuse some of these issues and Bob agreed that a FAQ posting could be beneficial and he would look into making that happen. Jeff expressed appreciation to Bob for his timeliness in addressing the questions that had been posted so far.

Jeff asked for clarification on the budget prioritization process and Bob responded that the requests should be prioritized in “buckets” rather than first, second, third, etc.

Helen Moore noted that there was a discussion at University Council regarding how to handle the issue of a vice chair who is in line to become chair but is in the second year of two year term – there is always the possibility that they would not get re-elected. It was suggested that this issue could be addressed by having individual committee bylaws state the in these situations, the vice chair will be reappointed to serve an additional term and will take on the duties of chair in following year. The Budget and Planning committee members present agreed that this was a reasonable solution and will act on it at the next meeting.

Jeff noted that the best days (per a Doodle poll) for future meetings are the following: May 14<sup>th</sup>, May 21<sup>st</sup> and June 4<sup>th</sup>. Since the draft Repositioning Plan is to be released on May 15<sup>th</sup> and should be available to the committee by May 14<sup>th</sup>, the next Budget and Planning Meeting is scheduled for May 14<sup>th</sup>, 1:00pm, location TBA. He also asked members to keep May 21<sup>st</sup> open for a meeting if one was needed and scheduled the final meeting of the academic year on June 4<sup>th</sup>. Hopefully, the committee members for next year will have been elected/appointed by that date and the new members will be able to attend the meeting.

Minutes respectfully submitted by Helen Moore.