

**Business Affairs Subcommittee of the
Council on University Planning and Budget
March 11, 2014
8:30 a.m. - 12:00 noon
Student Services Bldg. (SSB) Room 3057 (Conference Room)**

Submitted by: Dave Emmerich

- Cynthia Nichols, Kathleen Shank, David Emmerich(Notes), Pam Naragon, Melissa Gordon, Bill Weber(arrive at 10am)
- KS – asking Cynthia to review a few notes she’s had from some topics she’s digging into
 - CN – Will provide summarization of information collected
 - Noted from the tables that there is a sizeable reserve, but doesn’t mean we don’t do anything. Means we have some time to be thoughtful
 - Could take a few years before we get changes to recoup savings
 - Discussed focusing on attrition by reducing based on vacancy
 - Would possibly require moving resources around over time
 - Would need ability at VP level in context with Civil Service rules, collective bargaining, contracts...etc... to move positions around as downsizing occurs
 - Used faculty as example. Currently FTE for faculty compared to enrollment and the way they’ve been reduced. Have to look at how it’s been done in the past.
 - Faculty/student ratio info
 - Has been 15:1 but is currently 14:1
 - Will be looking at number of classes with 30 or fewer students
 - Going to look at % time faculty reporting they are working on instruction, research, and service and if/how it’s changed over time
 - Going to also look at CU distribution
 - DEN reporter chimed in
 - She works in admissions and the values noted above seem important to many parents and are noted when she does tours
 - KS – maybe we could do better in marketing our values
 - CN – State average of recruiting HS graduates is down ~2%
 - EIU is down above 15%
 - CN – regarding information on scholarships
 - Basically we don’t know the ROI on all of these scholarships
 - Opined with a few thoughts – opinion only
 - What if we stayed flat on tuition another year?
 - What if we rolled back tuition another year?

- Really, nobody knows how that would go without any modeling.
- MG – compared admittance process, John Hopkins has an early commit policy
 - If you commit, you have to show up freshmen year. Do we have something like this?
- CN - we are starting to see more graduates running into loan defaults and also having trouble collecting money by students as they get into their 3rd and 4th year
- KS – we also have many students that end up not paying the bills when they do study abroad, too. Don't they pay in advance?
 - MG – no, they don't, they're billed
- CN – had mentioned that we do have reserves that we could use
 - We do have a large equipment reserve
- CN – Bill Weber noted yesterday that there are currently 25 people committed to retiring, not as high as some years
 - There are 2 SURS meetings on campus this month, so is possible that some more may plan to retire from that
 - KS – can we offer incentive packages to get people to retire?
 - DE – do we have numbers on how many retire and then come back?
 - CN – everyone knows a handful, but we don't think it's a high number
- CN – other things being looked into, but no report yet
 - Savings based on 4-day work week
 - Temperature changes in buildings
 - Haven't done any modeling based on semester system all year round or even going to quarters
- CN – opinion is that we can address this over a few years, if we are deliberate
- CN – IT staff from her reports is roughly 90 – 110 IT type staff on campus
- KS – additional questions for Dr Weber
 - Is there anything we have that reflects where the Science Building “reuse” show that it will offset the losses
 - BW – no, nothing shows that currently
 - Where will the \$9million show up/see it offsetting projected expenses?
 - BW – usually the amounts we're talking about is very minor, and goes into the income fund
 - Unusual to have one of this size
 - Doesn't show up on base budgets yet because the carry-forward money are 1-time dollars
 - Generally separates out 1-time monies in bottom section of reports/forecasts
 - Will find the sheet that has that in it
 - How do we project the deficit we truly have? Is it 14-16 or is it 6-7 currently?
 - BW – our projected expenses compared to income is roughly \$6-7million

- Science building money are essentially “savings”, so it doesn’t show up in income
 - DE – what happens if we don’t use the whole \$9million?
 - BW – it could stay in income fund as carry-forward, could go into equipment reserves
 - KS – on non-indentured reserves, what are service departments?
 - BW – believes it is the equipment reserves for ledger 2 areas that provide services of some sort
 - KS – are auxiliary enterprises similar?
 - BW – those are like when admissions collects money and they have left-over, so it’s like a reserve fund for those
 - CN – could you pay personnel out of ledger 2 for ledger 2 employees?
 - BW – yes, ledger 2 has a sort of unique revenue stream
 - Ledger 2 can use the revenue stream for whatever expenses are fairly associated with the revenue activity
 - Ie.... Parking fees and fines are used to pay for parking related expenses
 - With each ledger 2 entity, you are limited to how much you can carry forward
 - Basically is a guess until year is closed
 - Rule of thumb is 30% can be carried forward
 - In regards to substituting ledger 2/3 monies where ledger 1 money is currently being used, probably not at the moment because all areas are currently suffering
 - KS – so what you’re saying is ledger 1 is more flexible than ledger 2, and it’s possible that there are appropriated dollars spent in areas that could possibly be funded by ledger 2
 - BW – the main area like that is in VPSA area, and they have \$4-\$5 million of appropriated funds. So it is possible to make some changes but it would be pretty minimal
 - BW – one thing that could help is a complete look at fresh formulas for the way departments are charged for the bond revenue
 - KS – who would we ask about utility savings if we changed building temps..etc..
 - BW – probably Chad Weber or someone out of Tim Z’s shop to do the estimate
 - We have done a tremendous job utilizing energy conservation efforts, but is more we could probably do
- KS – reporting on the presidents area
 - Approximately \$500k in presidents area, what is it?
 - BW – primarily salaries
 - BW – a lot of the deficit has been consolidated into the presidents area, which makes it look really bad. But that’s basically just the place where we’re parking it
- BW – if you look at Univ Advancement, you will see increasing in staffing over past few years
 - That was done purposefully for marketing, branding, and fundraising
- KS – perception of faculty is we have more administrative staff on campus
 - BW – that perception in many ways is really tied to the name of the position not necessarily being administrative in position

- CN – when looking at the list of Administrative/Professional positions, it includes librarians, some academic staff and faculty, and other areas. So, it's really a definitional problem of what the position is
- BW – when looking at our levels of administrative staff per student, reports show we are the lowest of most institutions
- KS – returning to Presidents area
 - Analyzing money projected to support Presidents goals
 - Cost to complete the goals is estimated at approximately \$1.5million(excluding scholarships)
 - Can we really afford to hire some of these external entities, especially when we're looking at ways to get money
 - Can we ask the President to look at different ways to do some of these?
 - CN – even the strategic plan has some figures that will take years out before any of them are ever done
 - Recommended Kathleen meet with President for additional information on the goals and expenses
- KS – asking Dr Weber – is it feasible that Tim Z would have a study by March 21 on our questions about outsourcing certain FPM services, or would it be best to make it a general recommendation as part of our group recommendations
 - BW - wouldn't be likely to have done by March 21
 - Tim has some experience from UofI, but it is a different size and situation
 - Not sure if there would be savings found, but could be studied
 - He did charge Tim with reviewing Renovations/Alterations and the fees there,
 - Recently did a restructuring taking advantage of some retirements
 - BW – also noted that FPM has been laying off employees as the number of on campus local projects has decreased
 - BW – bottom line is maintenance and operation of the campus is \$44 million. If we are only going to have 8000-9000 students, we do need to find a way to bring that number down
- PN – Internal Audit dept
 - 2 staff – 1 AP 1 CS
 - Not a lot of travel
 - Most training done through organizational associations
 - Belong to 2 auditing associations and network through several list serves
 - Not required to have any external accreditations
 - Can get certified in auditing, risk management assurance and a few others
 - 1 certified as internal auditor
 - Payroll over last 3 years have dropped \$10000 due to some personnel changes
 - 1/3 of salaries paid by business services/fixed costs category
 - Use some software to automate paperwork to keep costs down
 - Not really any \$ savings there, and required to have the department