

## University Budget Council (UBC) - Minutes

11:00 a.m. – May 27, 2008

\*\* 205 Welch Hall \*\*

Members Present: B. Beard (Fac. Council NUR), C. Blakely (ART), B. Bond (CE), M. Bretting (COE), J. Broge (B&F), P. Buchanan (COT), H. Bunsis (ACT), J. Carroll (CAS), D. Clifford (Fac. Council – CHHS), T. Greco (CAS), L. Higgins (COB) B. Lindke (VPSA), J. Lumm (B&F), M. Malach (Athletics), S. Moeller (COB), T. Ohmer (B&F), B. Price (Fac. Council), M. Rahman (ACT), C. Shell (R&R), W. Tornquist (AA)

NOTE: Next meetings are:   Tues. June 3  
                                      Thurs. June 12  
                                      Thurs. June 19  
                                      Tues. June 24

All meeting are at 11 am in 205 Welch unless otherwise announced.

- I. Approval of Minutes from May 20<sup>th</sup> Meeting
  - a. Approved unanimously
  
- II. Request made to John Lumm to put all of this recent Business Review – Executive Summary for BoR online; the content of this report is raising some concerns around campus. John asked UBC members to relay to those concerned that we are trying to solve problems and not make trouble. We are trying to share all information and making recommendations; sometimes this may be painful. The questions being asked haven't been asked before and should have been asked a long time ago. Remind everyone that we are all here for the betterment of EMU.
  
- III. Additional materials and follow-up comments on Intercollegiate Athletics from Mike Malach.
  - a. Handout of Intercollegiate Athletics Budget Summary
    - i. Included actual revenues and expenses for 2007-08, and estimates for 2008-09.
  - b. Mid-American Conference Budget Comparisons
    - i. Including or excluding scholarships was discussed.
      1. Mike will get more figures to compare at next meeting.
    - ii. EMU staffing in athletics is much below others
    - iii. Our attendance at games is much below other schools so our revenue is lower.
      1. Combining games with other events to increase attendance costs a lot to promote, and probably won't break even.
    - iv. What the non-ticket revenues are across all schools was requested of Mike; he will seek this information.
  - c. Grid of number of sports sponsored across our peer institutions was reviewed.
  
- IV. Answering as the UBC – the “strategic questions” posed by John Lumm. He sought the opinion of UBC members on the following questions; a “round robin” approach was used with input around the table.
  - a. Q#1 – Should EMU be building reserves now if it means reducing costs or increasing tuition?
    - i. Important to continue reserves, but may not be top priority now

- ii. Need 5-year projection for reserves; reserves do reflect overall strength of the university
  - iii. Increasing tuition to build reserves is not a good/easy sell.
  - iv. May need to start building reserves at a lower level for now, and increase them later if we can.
  - v. Peer tuition pricing levels need to be considered too.
  - vi. We shouldn't keep on doing what we've been doing.
  - vii. Need a plan for use of reserves; 5 years of taking from reserves has been the pattern it seems. When using benchmarks, we are terrible so need to have a plan to improve our position in regard to level of reserves.
  - viii. Need to build a model for 5-10 years out and work toward that level of reserves.
  - ix. Priorities are all relative; invest in increasing enrollments now because that is a great need, but hold off on increasing reserves a lot at this time.
- b. Q#2 – Should we change the borrowing plans for Mark Jefferson and assume \$80M debt on top of what we now have (\$151.7M)?
- i. Yes, do MJ now; cost of building is the least now it will ever be; don't put it off. This is an investment... is good debt to take on.
  - ii. This much borrowed on top of current debt, may put a limit on future borrowing ability of the university.
  - iii. Needed now for faculty morale and for many programs that use MJ.
  - iv. Supports smaller classes in MJ, more research facilities; is this part of the strategic plan?
    - 1. May bring in more research dollars.
  - v. The longer we wait, the smaller the project will become.
  - vi. Wish there was another way to fund the project rather than taking on debt of this size; 30 years is a long time.
  - vii. MJ is in terrible shape now; needs repairs so let's do this now.
  - viii. We have 3<sup>rd</sup> out of 9 in a credit rating; go for this improvement now since it affects our enrollments in the science disciplines. Needed ASAP.
  - ix. MJ improvements needed; our labs are worse than any community college. Remember we have many other buildings that are embarrassing and need improvements too.
  - x. This borrowing is necessary now; we can't continue as we are!
    - 1. Have to spend money to make money.
    - 2. UBC needs to tell the campus that this money spent is needed now; our future is at stake!
  - xi. Would probably spend \$40m anyway to fix MJ up to code, so let's do expansion it now.
  - xii. Need EMU Foundation to work on a naming of the new building for a large donation.
  - xiii. Why isn't state helping with MJ? (Pray-Harrold has been put first at the state level for now.)
  - xiv. Have been taking money from students for new science building project so we HAVE to keep going on it and can't pull out of the project now.
- c. Q#3 – What contingency level should be used in 2008-09?
- i. Its too much at 5%.
  - ii. Contingency is usually an amount based on reserves; hold at this level.

- iii. \$5m too high, not sure what level is best now.
  - iv. 1% highest for now.
  - v. 0%... keep tuition low, and skip contingency for this year.
  - vi. If dept. budgets are really re-based, may not need contingency funds this coming year.
    - 1. ...but this means we get exactly what we spent this year; make sure everyone realizes this.
  - vii. 0-1% maximum this year.
  - viii. Need budget controls that really work!
    - 1. We have to forget the procedures used/practiced in the past.
  - ix. Need a little contingency included; 0% isn't smart;
  - x. Contingency is needed for "misbehaving"; how its used must be determined somehow (by SOC, UBC, President, etc.)
  - xi. "Reserves" and "contingency" funds are really the same.
- d. Q#4 – Discuss cost reductions vs. tuition increases as a guiding principle
- i. Don't increase tuition to fund contingency fund
  - ii. Try to be more "efficient"... how?
    - 1. More cost efficient spending needed
  - iii. Use dollars left this year (may be \$7-8m) for the contingency for next year.
  - iv. Need a plan to explain to parents and students what we plan to do.
    - 1. Need priorities thought out the plan.
    - 2. What is the impact on enrollment?
      - a. Impact on financial aid given?
  - v. Don't want to price ourselves out of our market.
  - vi. Too many administrators on payroll; can be cost savings here.
    - 1. May have less impact on students than other cuts considered.
    - 2. Need to evaluate our number of administrators here at EMU.
      - a. Need to review our data compared to others nationally.
      - b. Dollars spent on instruction vs administration and number of students.
    - 3. University re-organization may impact this; where is this movement? (5 to 4 colleges?)
- e. Q#5 – Is funding ongoing capital requirements a priority?
- i. Have minimum need for \$3m annually to just keep us level in capital improvements; we are years behind now.
  - ii. Having empty buildings on campus looks terrible; gives a bad image.
    - 1. Jones-Goddard to be "mothballed"; tearing it down would cost \$6m due to asbestos.
  - iii. Clarification: Expenses beyond normal maintenance is called capital improvements (new roof, new heating system, renovate Hoyt for new use, etc.)
  - iv. Need more information on EMU's status here (ask John Donegan for input?).
  - v. We've been setting aside \$2m for this, but probably need \$5m per year.
- f. Q#9 – What to do if we don't get \$40m from the state for PH?
- i. When will we know? Not sure... within 12 months!
  - ii. Should we review our long range need for classrooms vs online vs hybrid classes?

1. How do we see our teaching of students over the next 10 years?
- iii. We support the need for both MJ and PH renovation NOW.
  1. Doing 2 buildings at the same time would be difficult.
  2. PH generates 3 times more credit hours than MJ, but many need MJ for the science courses.
  3. Is there a plan for the transition to house departments and classrooms during the renovations of either building? We hope so.

V. Final comments

- a. John Lumm will have a follow up meeting with BoR this Monday.
  - i. Should UBC be reporting directly back to BoR since we were created by that group? Probably.
  - ii. Reporting with John Lumm may be good to do.

Submitted by,

Polly B.

Polly Buchanan, Volunteer Scribe