

BUDGET COUNCIL MINUTES – 23 September 2008
205 WELCH HALL
11 am – 1:00pm

Members Present: Betty Beard (NUR), Colin Blakely (Art/AA), Byron Bond (Cont. Ed.), Jason Broge (B/F), Michael Bretting (COE), Polly Buchanan (COT/AA), Howard Bunsis (COB/Faculty), John Donegan (Physical Plant), Raeuf Hanna (ISPC/Econ), Laverne Higgins (COB/AA), Sheilah Larnhart (Advancement), Bernice Lindke (SA/EM), John Lumm (B/F), Michael Malach (Athletics), Sue Martin (President), Bob Neely (AA), Todd Ohmer (B/F), Bill Price (Faculty Council), Mahaud Rahman (Faculty Council), Chris Shell (Records), Rebecca Sipe (CAS), Phil Smith (Faculty Council), Wade Tornquist (CAS)

NOTE: Time change; all future meetings of the University Budget Council shall start promptly at 9:00am to allow for maximum participation by committee members. This change shall take effect beginning with the next regularly scheduled meeting of the University Budget Council on 14 October 2008.

1. Welcome back comments by Committee Chair, Michael Bretting,
2. Introduction/comments by President Sue Martin. Dr. Martin indicated that she had reviewed University Budget Council documents and was aware of the scope/function of the committee and its importance relative to the University budget and operations. Further, she indicated that she would like to sit in (occasionally) on future committee meetings/contribute; however, only to the extent that same did not interfere with earnest discussions among committee members.
3. No formal minutes were taken from the University Budget Council meeting of 1 July 2008; therefore, no minutes were available to approve.
4. Michael Bretting, current University Budget Council Committee Chair, was elected by unanimous vote to serve as University Budget Council Committee Chair for FY09. Same was decided to allow for continuity with committee work/issues that were started in FY 08 by the committee.
5. It was decided that the current University Budget Council membership provided a diverse representation of all the groups across the University community; and that diversity being the strength of the Council, the status quo should be maintained with regards to Council membership at this time.
6. John Lumm and Jason Broge provided commentary on FY08 actuals (recap), update on the FY 09 Budget process, and BOR recommendations/comments on FY09 budget challenges; handouts presented to support same. Discussion included:
 - John Lumm led discussions regarding the FY 08-09 Base Budget (Grand Total; \$262,672,124). Jason Borge elaborated on same by noting key items built into the FY08-09 base budget and budget challenges. Also, built into the base budget was a 4% adjustment for projected salary savings based on current University policy stating that no vacancy in any department shall be posted for a period of 90 days from the date the former employee vacated the position. Discussion of FY 08 year-end balanced budget occurred. University reserves discussed noting that our reserves are inline with benchmarks and are typical for an institution like ours. A peer institution comparison was requested by Committee members from like universities with similar enrollment¹, etc., not just “peer” institutions in the MAC. Also discussed was the impact of revenues and appropriations over time/historical (2001-2009). (See handout).
 - John Donegan, Todd Ohmer, Jason Broge and John Lumm discussed utilities consumption/trends; he indicated the University had a utilities savings of \$500,000 over the summer when we were able to purchase gas on the market at a much lower price than originally projected. (See handout).

¹ Use Peer Institutions listed on EMU web site that was created a few years ago using many criteria for comparison.

- John Lumm informed the Budget Council that EMU will be able to sell 70 million in auction notes pursuant to an agreement EMU has recently entered into with Comerica Bank to buy back securities.
- John Lumm discussed the new Pepsi contract. Pepsi was awarded the contract to sell their products in vending machines across campus (and at the student center) over Coco Cola (current vendor). Pepsi was awarded the contract because the bid they proposed offered \$1,000,000 added value to the University over Coco Cola. Further, a clause in Pepsi contract provides for a portion of the proceeds of their campus sales to be directed to Athletics in the form of athletic tickets purchased or cash (15,000 tickets to EMU football games must be sold in order for EMU to maintain its Division 1-A status). Athletic ticket revenue is reflected in a budget line.
- Nelligan's Sports Contract was discussed; they are an outside consultant that acts as the marketing arm of Athletic Department to raise funds (development); five (5) year contract with option of renewal at end of term if revenues/funds increase. Strategic goal is for Nelligan's to build revenue sponsorships in the future.
- EMU state revenue historical document was reviewed (2001-2009); net tuition/fees have increased over time while state appropriations have decreased. (See handout).
- Credit hour status was discussed; final projection 514,000 (includes the 5,000 credit hour challenge); overall enrollment down 3.15% from September 2007. (See handout).

7. Topics/issues for discussion during FY 09 presented and include, but not limited to:

- pricing/tuition and fee structures,
- university savings-future welfare of the University (potential cost reductions, revenue enhancements)
- entrepreneurial/incentive models.
- Budget model for future implementation

New subcommittees will be formed to work on same. Feedback requested from committee members within the next week for additional topics for subcommittee work to identify other areas/issues for discussion to outline the subcommittee work and to spearhead the work of the general committee.

Next meeting: Tuesday, 14 October 2008 @ 9:00 am in 205 Welch Hall.

Meeting adjourned at 12:50 pm.

Respectfully submitted,

Sheilah D. Larnhart
For Polly Buchanon

Attachments: EMU June 30, 2008 Audit Report-Presentation to the Finance/Audit Committee
 EMU-Independent Auditor's Report (Draft September 17, 2008)
 BOR/EMU-Recommendation; 2008-09 General Operating Auxiliary and Capital Budgets
 FY 2008-09 Base Budget; Summary by Account Code/Division
 EMU Revenues Statement (Historical Comparison 2001-2009)
 EMU 2008-09 University Budget – Q & A
 EMU-Division of Enrollment Management/Official Enrollment Report (Fall 2008)
 Credit Hour Status (Sep. 19, 2008)
 Gas Purchases Record (9/22/08)
 Weighted NYMEX Gas Futures Price (Historical Purchases)