

**University Budget Council
Eastern Michigan University
Final Report to the Board of Regents
May 15, 2018**

The following is an overview of the activities of the University Budget Council for Fiscal Year 2018 and recommendations from the Council to the Board of Regents for its Fiscal Year 2019 budget considerations.

The first meeting of FY18, of the UBC was September 18th, and was a general update on the prior year's motions and activities. Chief financial officer Mike Valdes and Todd Ohmer, executive director of financial planning and budgets, provided an update on the FY18 budget.

UBC Chair Colleen Croxall reported that she had a very constructive conversation and briefing last spring regarding UBC activity and recommendations with Regent Michelle Crumm, who was the chair of the Board's Finance and Audit Committee. Regent Crumm expressed an interest in attending one or more UBC meetings this year.

The UBC elected to have the same two sub committees as last year: Short Term Budget and Long Term Budget.

A number of special presentations and budget updates were made to the council and subcommittees throughout the year. Some of these presentations included:

- Kevin Kucera who gave us a report on Financial Aid at the October meeting.
- William Shepherd and the Foundation staff
 - o Bill offered a picture of his area's activities, including distributing an organization chart and answered numerous questions from UBC members.
- Monthly budget updates from CFO Mike Valdes and Todd Ohmer

The Short-term budget committee, chaired by Anne Balazs outlined their planned efforts for the year which included:

- Discuss short-term ways to reduce costs or enhance revenues, including ideas over the optimum way to schedule classes. Items discussed over the year included:
 - o Discussing what individual colleges were doing to lower costs (course scheduling patterns, program elimination, restructuring, etc.)
- No formal motions were presented from the Short-term committee.

The Long-term budget committee, chaired by Dave Crary outlined their planned efforts for the year to include:

- Out of state Graduate tuition rates

- Should these be waived?
- Budget and procedures
 - Perceived lack of information sharing
 - Lack of input from UBC
- Parking Contract

Reports from the Faculty Senate Budget Committee included:

- Rob Carpenter provided an overview of the Faculty Senate Budget and Resources Committee's annual report with the following key recommendations:
 - Significant cuts to areas not specifically related to the academic mission of the University to protect EMU's motto of "Education First."
 - More financial aid should be focused on transfers and graduate students.
 - Allow students receiving Pell Grant funding and other aid that brings their total award up to 30-hour coverage to use that aid for summer courses.
 - Recommend that no programs be offered through the Academic Partnerships agreement.

Our student members were very involved this year. Both Miles Payne and Larry Borum contributed their perceptions of what students and prospective students want at EMU. They emphasized the need to pay attention to students needs as a driving budgetary principle.

At our March meeting with no motions or recommendations from the two sub committees it was decided that the sub committees would meet jointly for their March and April meetings. It was recommended that we form new subcommittees which include:

- Graduate tuition and assistantships
- Reorganization/restructuring proposals
- Financial Aid
- Retention and completion initiatives

At our April 16th meeting a motion was brought forward by David Klein (Appendix A). His motion initiated a meaningful discussion. Although we did not vote on the motion (no quorum), we did agree to include it in our report.

UBC got off track this year and spent too much time complaining about the budget situation and not enough time working on possible solutions. I am hopeful with the new focus areas of the sub committees that we can get back on track next year.

A tentative schedule for both full council and sub-committees has been set for 2018-19. In addition UBC will meet a few times during the summer. The council looks forward to

continuing to work with the Board to develop a sound budgeting processes and recommendations for FY20 and beyond. We welcome any input and/or charges the Board might be interested in conveying to the council.

Respectfully submitted,

Colleen L. Croxall, PhD
Chair, University Budget Council

Appendix A

Motion brought forth from David Klein

Taking note of the following considerations:

- 1) that a continuing decline in enrollments, in combination with the university's overall fiscal position, requires substantial changes in how the university operates, including lasting reductions in spending and improvements in the development of non-tuition revenue;
- 2) that the Higher Learning Commission has directed the university to produce by December of this year a “more aggressive Financial Recovery Plan” (HLC Report, p. 60) and has noted that “[t]his task will need input from the academic, fiscal, and student services stakeholders within the university” and that “[s]ome tough decisions will need to be made concerning staffing levels and future capital projects” (p. 61);
- 3) that to this point, input from academic and student services stakeholders has not been solicited or delivered in a sufficiently active and organized way to ensure that decisions concerning FY 2019 spending reductions will be fully informed and have a reasonable likelihood of being accepted as legitimate by those stakeholders; and
- 4) that immediate reductions in spending that badly undermine student experience or faculty and staff morale can significantly undermine EMU’s mid- and long-term financial health,

the Council recommends to the Board of Regents:

- A) that decisions whether and to what extent to draw on the university’s reserves in FY 2019 and whether and to what extent to proceed with a new bond issue to fund capital projects be delayed until determinations have been made as to the extent of spending cuts that can be tolerated in FY 2019;
- B) that proposed reductions in spending be authorized only after consultation with affected units and only if the Executive Council and the Board are fully confident that the reductions can be absorbed without damaging the university’s long-term health; and
- C) that the university initiate well-organized and well-publicized discussions open to all academic, fiscal, and student service stakeholders, with the aim of achieving, by the time the Financial Recovery Plan is due to HLC, a reasonable level of consensus as to what character a smaller EMU should have and where spending should be reduced.