University Budget Committee

February 17, 2005

Regular Members in Attendance: Cal Christian, Henry Ferrell, Nancy House (excused), Carol Lust, Kathy Misulis, Art Rodriguez, Ralph Scott

Ex-officio Members in Attendance: Maggie Capen (excused), Joe Gaddis, Catherine Rigsby, Kevin Seitz, Bob Thompson, Gary Vanderpool.

Others in Attendance: Jan Lewis (Academic Library Services - guest), Lori Lee, Rick Niswander, James Leroy Smith

Person Presiding: Professor Henry Ferrell

Professor Ferrell called the meeting to order at 4:01 P.M. Professor Ferrell asked committee members and guests to introduce themselves to the new Vice Chancellor for Administration and Finance, Kevin Seitz, who was attending his first meeting as an Ex-officio member of the committee.

Agenda Item #1: Without objection Professor Ferrell declared the minutes of the January 20th, 2005 meeting of the committee approved as submitted by the secretary.

Agenda Item #2: Without objection Professor Ferrell approved the agenda for today’s meeting.

Agenda Item #3: Professor Ferrell noted that the committee would not have a March 2005 meeting.

Agenda Item #4: Discussion of Library Funds

Professor Ferrell began the discussion by noting a change in the funding of Joyner Library that had been made by the Director of Joyner Library, Carroll Varner. This change had been reported to the Library Committee and is contrary to the long standing resolutions of the Library Committee, the University Budget Committee and the Faculty Senate. These bodies in the past have requested that the library’s budget (Joyner and HSL) be cut as a last rather than a first resort. {Committee members may wish to reference the Libraries Committee January 2005 minutes attached below regarding the change in Joyner Library funding:

“6.) Henry Ferrell made the committee aware of a reapportionment of funds from the library account to Academic Affairs. An amount of ½ million dollars has been withdrawn from the library budget. The reasons why this has been done were not known to committee members. As a result of this lack of information, Ferrell moved that an immediate accounting of this action be made known to the committee, since it is the committee’s charge to be an advocate for library affairs. The query is to be made to Dr. Varner who was not present at the meeting. Doris Finley seconded the motion and the motion passed. Walker agreed to follow-up on taking that action.”}

Professor Ferrell also noted the information provided by Vice Chancellor Smith earlier in the day regarding this matter in memoranda from John Lawrence (Associate Director for Administration and Services of Joyner Library), James Leroy Smith (Vice Chancellor for Academic Affairs) and Anne W. Jenkins (Director, University Budget Office). These memoranda concluded that the “reapportionment of funds” Professor Ferrell had reported on “were never made.”

Professor Ferrell next noted that the Joyner Library Director had stated to the Libraries Committee that the library “did not yet have an approved budget for this year.” He asked “How can this be?”

Dean Niswander responded “Absolutely, the library had to have a certified approved budget to operate.”
Professor Ferrell noted that “things appear to be looser in the library than they were in the past.” He next related concerns regarding transfers between budget code lines that appeared to be going on.

Dean Niswander noted that “you can request transfers from account to account.”

Professor Ferrell opined that “was not the universities total budget less than what as asked for.”

Dean Niswander noted that the total operating budget with in the neighborhood of $3. + something million.

Professor Ferrell asked if there were any shortages or reversions present in the budget?

Dean Niswander responded “not at this time.” The university had received an allocation based on last year’s budget plus and enrollment increase allocation.

Professor Ferrell noted that vague questions concerning the budget, result in vague answers.

Professor Ferrell next noted that at the Libraries Committee it was reported that the “Sales Tax allocations were called in.”

Thompson noted that the university should have had an increase in allocations to cover the reversions for the Sales Tax.

Gaddis reported that the university had received a “permanent budget and that there was a loss of funding for Academic Affairs as a result of the Sales Tax cut of around $323,000.

Vanderpool reported that a similar cut in the Health Affairs budget was around $60/70,000

Dean Niswander stated that there were no budget cuts on the horizon. There had been this fall a one time reversion for Hurricane relief in the Western North Carolina Counties of $1.4 million, but that this had been taken care of in the East Carolina University budget by re-allocations.

Thompson noted that “someone needs to think of these re-allocation dollars.”

Dean Niswander reported that the total reversions were in the $12-13 million dollar range.

Professor Ferrell reviewed the Libraries Committee action taken at their February 2005 meeting held yesterday.

Vice Chancellor Smith noted that Carroll Varner indicated to Vice Chancellor Lehman that the library funds it did not have to spend at that point in the year (apparently ALS receives funds at FY end that cannot be spent quickly elsewhere) and therefore, if the funds were put on hold, they might be used for graduate tuition remissions. Smith noted that he directed that they be put on hold and that before we would transfer them for that or any other use, we would review the matter. Anne Jenkins checked in with OP in January to see if such a use would be allowable. If it was not, then no further review on campus would be relevant. If OP was OK with the idea, which Smith learned later in January, then he would have asked for further review with other bodies such as the Libraries Committee. Further review was dropped due to the recent situation in Joyner.

Vice Chancellor Seitz noted that he appreciated the Libraries Committee input and that the contribution of many minds into the budget process was better than one.

Professor Ferrell asked if the transfer of funds had occurred between divisions.

Niswander stated that one “cannot do this.”
Thompson responded that some transfers had occurred with regard to positions in School of Medicine and Allied Health Science (Nursing) for {first 6} then 12 faculty positions.

Vice Chancellor Smith noted that this had occurred for the first time this year.

Thompson replied that Physics had been doing this for over a decade.

Professor Ferrell asked if “there was any payback in the future.”

Thompson responded that these “were credits that had been already earned.”

Dean Niswander noted that certain costs for the libraries were transferred between Joyner and the Health Sciences Library. $700,000 in the academic support budget was the result of transfers and that transfers had occurred with the mail system consolidation {main campus and Health Sciences divisions.}

Vice Chancellor Smith noted that general institutional support budget was a % times certain amount.

Professor Ferrell asked “who makes these decisions?”

Vice Chancellor Smith responded that “It’s a process that in place now, I don’t know about the past.”

Professor Ferrell noted that the Libraries Committee had requested some changes in the manner in which the Directors report budget items to the committee.

1) Beginning with the March meeting the Libraries Committee will receive monthly reports from the Directors.

2) The Libraries Committee will make a full report on the Libraries (IHS and Joyner) certified budget to the Faculty Senate in September of every year. This report will cover how funds were expended by the Libraries during the past fiscal year and how the Libraries propose to change the new fiscal year budget lines.

Vice Chancellor Smith noted that when was chair of the EPPC units administrators were required to state in their proposals where the funding for new programs and courses was coming from. He asked if there was a calendar for the University Budget Committee that sets when and where the administration reports the new budget to the committee.

Professor Ferrell replied that the Chief Financial Officer reports to the University Budget Committee the new budget in the fall of each year.

Chair Rigsby asked if difference heads report individually.

Vice Chancellor Smith asked “What is it that you want?”

Professor Ferrell responded by reading the charge of the University Budget Committee that had been approved by the Committee on Committees and the East Carolina Faculty Senate to Vice Chancellor Smith. Ferrell also noted that the University Budget Committee had on occasion asked for more information from the Chancellor (through his representative on the Committee) regarding budget items.

Dean Niswander noted that Lori Lee was especially helpful to Professor Ferrell and that she makes things happen for the committees.

Professor Scott related some issues regarding budget matters concerning the Friends of the Library. The President of the Friends was concerned that their endowment funds had been expended without their authorization, and that “information was very hard to get.”
Vice Chancellor Smith responded that he was looking into this.

Professor Ferrell asked if the University Budget Committee could look into the use of non-state funds such as the Endowment Funds of the Friends.

Thompson responded that we ought to look at all of the three Foundation accounts, not just the ones in one Foundation.

Discussion on this issue continued. It was noted that the committee had received budget reports in the past that indicated that Foundation funding was a very small part of the University Budget.

Dean Niswander gave a brief report on the RFP process for appointing Investment Advisors for the Foundations. These advisors make recommendations to the Foundation Boards on how to allocate assets. The Foundation Boards meet four times a year. On average around 4% of endowments accounts can be spent each year. He noted however that recently some accounts had “been underwater.”

Professor Scott asked if this was true of older accounts which should have built up reserves over time.

Dean Niswander responded that in general accounts established during the period 1990-2002 had negative balances and that older accounts did not.

Vice Chancellor Smith noted that the East Carolina University Board of Trustees had been interested in these Foundation account issues. He stated that this was “information that it was important to have.”

Professor Christian noted that “this would be an interesting place for the Committee to go.” With the coming kickoff of the Centennial Campaign we would want to look the Foundation accounts.

It was stated that the current Foundation accounts were around $50 million and that this was a small amount.

Thompson noted that the committee might not want look into specifics so much as to obtain an understanding of how things work.

Professor Ferrell asked if there were additional questions from members or guests.

Professor Ferrell noted that the time was late and that he wished to set the agenda for the next meeting of the University Budget Committee.

Professor Ferrell cancelled the March meeting due to conflicts with Founders’ Week.

Professor Ferrell will ask Vice Chancellor Shelton and the Director of the Medical Foundation to come and report at the April committee meeting. Bob Thompson was also to report on a request carried over from the January meeting {to wit: Professor Ferrell asked if the Committee could have data that provides the cost per student under the D.E. and On-Campus funding models? Thompson will try to obtain these figures for the next meeting.}

The next meeting of the University Budget Committee will be April 21st at 4PM in Rawl 142.

Respectfully submitted:
Ralph Scott,
Secretary, University Budget Committee