University Budget Committee

April 7th, 2005

Regular Members in Attendance: Cal Christian, Henry Ferrell, Nancy House, Carol Lust, Art Rodriquez, Ralph Scott

Ex-officio Members in Attendance: Joe Gaddis, Glen Gilbert, Andrea Harrell, Kevin Seitz, Bob Thompson.

Others in Attendance: Lori Lee

Person Presiding: Professor Henry Ferrell

Professor Ferrell called the meeting to order at 4:03 P.M.

Professor Ferrell noted that this is a Special Called Meeting of the University Budget Committee, at the request of Chancellor Ballard to discuss a projected 4% permanent cut in the total budget for the years 2005-2007. Professor Ferrell noted that the Committee had in 2001 come up with a list of suggestions for “what not to cut” rather than what to cut. This way the administration get some flexibility in what it can do, but the Committee also gets to give some priorities.

Vice Chancellor for Administration and Finance Kevin Seitz noted that we were very early in the budget process and in effect at the “first step in a multiple step dance.” Seitz provided a copy of a summary of the Governor’s budget. There was some discussion as to the potential effect of a state lottery on the availability of funds for educational purposes in the state. The lottery bill passed yesterday by a one vote margin in the Assembly, next goes to the Senate. Seitz noted that UNC Chief Financial Officers had been instructed to respond to a request from the Fiscal Research office of the General Assembly to the Office of the President for specific options in dealing with a possible 4% budget cut. The CFO’s and OP agreed to provide a general response at the 1,2,3 and 4% levels since campuses would need a significant amount of time to provide more specific information. The ECU response indicated the need to take significant reductions in filled positions in order to implement a 4% reduction. The Chancellor and Vice Chancellors are participating in a process to consider options for dealing with both a 4% and 2% reduction. Options for dealing with a significant reduction would be reviewed in a collaborative process with the Faculty. While we don’t expect a 4% reduction, we need to be ready to deal with the possibility.

Ferrell asked what a 4% cut would result in. Seitz responded that 4% equals approximately $8 million and thus 2% would equal approximately $4 million reduction. Attempts will be made to influence the legislature not to take a large 4% cut. Chancellor Ballard would like the university to look at how we are currently doing business and how can we do it more efficiently and effectively.

Thompson noted that we are in line for major enrollment increases this time, but we need to identify the 4% cut areas before these enrollment increase funds come.

Professor Ferrell asked if there were any questions from committee members?

Professor Ferrell asked if the retirement of President Broad would have any effect on these issues?

Thompson responded that he did not know, but that we need to request what we want done down to the item level. He noted that this was a “new legislature.”

Professor Ferrell asked the status of tuition increases?
VC Seitz responded that a $300 campus based tuition increase for all non-resident students and resident graduate students, was approved by the Board of Governors and must be approved by the General Assembly.

Professor Ferrell asked about effects of enrollment ceilings as a solution to funding issues?

Thompson responded that there would be a negative impact with an enrollment cap.

VC Seitz noted that some individuals were suggesting the need for enrollment caps. This is not a position OP or ECU is taking. He reiterated that the budget process was just beginning and we need to plan for the end game.

Professor Ferrell again asked for comments from other Committee members? He asked that members refer to the 6/27/01 UBC report to the Chancellor which Lori Lee had provided to members.

Professor Ferrell asked if specific fees, such as the Computer Use Fee can be changed.

Thompson responded that they can be, but only through the SGA and the Board of Trustees.

Professor Ferrell next led a discussion by members of the first four items on the 6/27/01 UBC report to the Chancellor.

Professor Ferrell noted that next we would have to cut faculty positions, not just positions but also people.

Thompson stated that he thought the 6/27/01 priorities were reasonable, continuing cuts to make. He noted that the administrative side took most of the cuts over the past four years.

Professor House asked what specific cuts were made in the administration?

Thompson responded that there had been cuts in the enrollment management positions and in other areas in administration over the past four years.

VC Seitz noted that past reductions had eliminated several vacant SPA and EPA non-teaching positions. An additional 4% cut would have a greater effect on positions. Our focus will be in finding more efficient ways of doing business in order to minimize the impact on academic programs.

Professor Scott asked about new initiatives such as the taking over of the management of the Country Doctor Museum. Could these be areas that could be looked at for possible savings?

VC Seitz noted that we need to ask many tough questions.

Gilbert noted that most of the budget dollars were in personnel.

Professor Ferrell noted that with reductions you begin to lose your faculty. He cited several faculty in the History Department that had been hired away to other institutions. He noted that we need to maintain the quality of academic programs on campus.

Professor Christian noted the reality of the political situation, but that the General Assembly had in the past had a strong commitment to education.

VC Seitz noted that the priority was to minimize the impact on academic programs. He next gave the example of how the printing operation at the “University at Buffalo” (SUNY-B) had been reviewed. Over time the printing operations was downsized and made supporting. The reduction in the size of the operating budget was applied to campus reductions.
Professor Scott asked if ways could be found on campus to reduce the use of paper, perhaps switching to CDs. He noted that many classes pass out dozens of paper printed at 8-10 cents a page, while a CD with all of the class handouts might cost actually save cost.

VC Seitz noted that the university had implemented service contracts with companies such as Staples to purchase supplies. Reducing energy costs is also a potential source of savings.

Professor Ferrell next related several ideas regarding the use of energy on the part of the very efficient Greenville Utilities Commission that might have applications to budget savings for ECU: jet engines for peak load generation, co-generation, use of aquifers to store river water during flood periods for use in the summer, freezing of natural gas, and the use of GUC as a contract service to provide on campus utility work.

Professor Ferrell asked if the Committee had anything else they wished to talk about? He next moved on with the review of the first four items of the 6/27/01 recommendations. Hearing no objection he ruled that the first four items were “ok” with the group pending minor editorial changes.

Professor Ferrell moved on to the next section which gave specific recommendations regarding the continued funding of East Carolina Library operations. He talked about the effect that cut backs in library funding had on the quality of the research collections here at East Carolina. Material goes quickly out of print and if it is not purchased in a timely manner often it is lost.

Professor Scott noted that Joyner Library had cut out three months of the book Approval Plan in 2004 and that this had a negative impact on our collections. We did not initially for example a number of national book award items for our collection. These were ordered a number of months later, depriving library patrons the use of these items over the summer and early fall semesters.

Professor Rodriquez noted that the university could look for other areas to save funds. He noted that in the Chemistry department they rent gas cylinders for a number of years at fixed price that often exceeds the actual purchase cost of these cylinders. He noted that we need to look at local budget items such as this for savings.

Professor Ferrell mentioned the use of a central warehouse for audio-visual equipment.

Thompson responded that we have looked at that before, and costs savings were eaten up by labor costs.

Professor Rodriquez asked that each department evaluate individual items in their budget to see if financial savings could be made. Can we do the same things, but make it “better.”

Professor Ferrell asked if the group wanted to add the statement “Review budget lines to see if saving can be made.” There was general agreement on this idea.

Thompson suggested that we look for patterned ways to save. He suggested asking units to review patterns of expenditures to see if savings can be realized.

VC Seitz stated that there might be a need for the Committee to be involved in the budget discussions over the summer. He suggested that the Committee think about how the Chancellor can work collaboratively with the faculty groups.

Professor Ferrell stated that we would take what has been suggested today to the Chancellor. Members should send additional comments and suggested items to Vice Chancellor Seitz. He noted that the Senate and Committees had met in the past in the summer and that this would be the pattern for this year also.

Professor Ferrell adjourned the meeting at 5:07 p.m.
The next meeting of the University Budget Committee will be April 21st at 4PM in Rawl 142.

Changes made to 4/27/01 recommendations:

General statement on priorities
1. Academics should be the primary budgetary priority. Budget cuts should not be made that will adversely affect student learning or the safety of students and University personnel.

2. Budget priorities must firmly support the research intensive doctoral I mission of the University and the continuing and increasing requirements for faculty research productivity.

3. Budget cuts should not damage the University in ways that are not easily reversed upon the return of an improved economy.

4. Budgetary cuts to be avoided are those that adversely affect areas of revenue generation including but not limited to student credit hours, grants and contracts, and medical clinics.

Specific committee recommendations consistent with the above general priorities.
1. Make no further budgetary cuts in the operating budget of the libraries. New funds or a reduction in the budgetary shortfall should be used to restore previous reductions and/or to fund inflationary adjustments no longer supported by the general assembly.

2. Maintain and appropriately staff currently planned courses and sections.

3. Maintain current teaching, research, and service capabilities.

4. Maintain current levels of contract and grant support.

5. Maintain revenue-generating clinical operations on the health sciences campus. To the extent possible, provide funding for programs or activities that will generate sufficient revenue to realize a quick return on the investment.

6. Review unit budgets for the benefit of efficiency and savings.

Recommended budget reductions and alterations in order of priority.
1. Increase the administrative charge to ancillary operations and use of resources to offset cuts.

2. Reduce the number of faculty/staff replacements for one year.

3. Reduce the amount spent on travel. Permit units to determine how reductions should be implemented.

4. Postpone purchase of machinery, tools, and other assets where feasible. Adjust the number and cost of vehicles owned or leased by the University.

5. Reduce energy consumption.

6. Cut vacant non-teaching EPA and SPA positions. Cutting occupied positions should be a very low option. When implementing this point consider: a review of the number and job responsibilities of administrative positions and consolidate or eliminate positions when appropriate; adjust maintenance and housekeeping schedules for cost savings; reduce landscaping intensity.

Respectfully submitted:
Ralph Scott,
Secretary, University Budget Committee