University Budget Committee

April 21st, 2005

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

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

Others in Attendance: Bill Clark, Lori Lee, Diane Mahoney, John Toller

Person Presiding: Professor Henry Ferrell

Professor Ferrell called the meeting to order at 4:00 P.M.

Agenda Item #1 & 2.
Professor Ferrell asked if there were any corrections to the minutes of 17 February 2005 and 7 April 2005. There being none they were approved as submitted.

Agenda Item #3.
Chair Ferrell next introduced three guests: Bill Clark, Financial Manager of the ECU Foundation Accounts, Diane Mahoney, Controller of the ECU Foundation Accounts, and John Toller, Associate Vice Chancellor for Human Resources.

Bill Clark distributed to Committee members a handout entitled “East Carolina University Foundations 2003-2004 Annual Report.” He noted that “this was the first attempt to consolidate ECU Foundation information.”

The report covers gifts to the following foundations:
East Carolina University Foundation, Inc.
East Carolina University Real Estate Foundations, Inc.
East Carolina University Alumni Association, Inc.
East Carolina University Educational Foundation, Inc. (Pirate Club)
The Medical Foundation of East Carolina University, Inc.
East Carolina University Institutional Trust Funds

Professor Christian asked how do our gifts compare with like bodies?

Clark responded that gift were significantly less. He noted that there was a lot of work to be done. Gifts need to be given at twice the rate they are currently coming in

Chair Ferrell asked what the average gift was?

Clark responded that the did not know the exact figure, but believes it to be in the $50 range. He next continued with an explanation of material in the handouts. He noted that on chart #3 the first three years reflected gifts collected under the “Shared Visions” campaign, while gifts had been on a plateau for the last three years (2002-2004). This was a result of three factors: the decline in the stock market, the end of the Shared Visions campaign and changes in university administration (four Chancellors in four years.)

Professor Christian noted that in most cases costs drive the revenue income stream.

Professor Ferrell noted that there should be economies of scale with regard to increases in costs.
Clark noted that these were things that “we are working on.”

Vice Chancellor Seitz noted that donors were concerned about fundraising costs.

Clark next made reference to chart #11 in the handouts where he pointed out that ECU is number eight in the UNC system in endowments per student, number five in total endowments and number three in the number of students.

Thompson noted that the increase in the number of Distance Education students will drive these figures down, since DE students do not traditional make donations at the same rate as on-campus alumni.

Clark noted next reported on the status of the Centennial Campaign. He noted that they were “getting back into the starting blocks…again” and that they were “running the ‘un campaign’”. The “un campaign” consists of work on the developing a culture of giving at ECU among faculty, staff, boards, volunteers, alumni and friends. Also key is identifying and cultivating potential major donors to the university.

Chair Ferrell asked if there was any correlation between success in sports and success with giving to the university. Clark replied that there was.

Professor Christian noted that Florida State University had a major increase in giving in the 1970’s following successes in football.

Clark noted that the cornerstone of any giving program is working with major donors.

Chair Ferrell asked about how gifts could be “tied down” to specific areas such as gift to the library.

Clark stated that gifts were covered by a donor agreement and that covers how the monies are spent. Usually the Dean of the college or school is involved with the Foundation in how specific funds are spent.

Professor Scott asked about how the salaries and expenses of Development Officers in the individual units were allocation. Clark responed that the usual arrangement was that the cost were split 50-75% between the Foundation and the individual units depending on the circumstances.

Professor Christian noted that three accounts were closed out in his department. He asked what method is used to see that the monies from these accounts were allocated correctly. “If someone gives $1,000, what happens?”

Controller Mahoney responded: We always recognize the need to respect donor wishes when handling gifts. This question suggests these were endowments and recently we have been cleaning up small endowed accounts that never met the conditions of an endowment – now the threshold level for an endowment is $25,000. These might have fallen in that category. If the money was moved, it would have been into a like account. She further commented that we have many different types of accounts in the Foundation. Our emphasis last week was on endowments but there are other types of accounts to handle the $1,000 transaction mentioned. Those accounts are different – they aren’t managed the same way endowments are; for instance, they don’t participate in the investment pool or pay an administrative fee each year. The money simply comes in and goes out. There are different types of accounts and funds beyond endowments.

Clark noted that in all cases of gift there is a fiduciary who is required to see that the monies deposited into any fund are spent right.

Professor House asked about the decline in the number of School of Art scholarships?

Clark responded that a number of accounts had “been underwater” and there had not been enough income to award scholarships due to the decline in the stock market. He expected that this would change with a rise in the market.
Controller Mahoney noted that five years was the time period that was allowed for accounts to reach the $25,000 level.

Chair Ferrell noted that historically, the university had received the Case award (http://www.case.org/container.cfm?CONTAINERID=104&CRUMB=2&NAVID=67) several times for outstanding giving among alumni.

Professor Scott asked about recent fund transfers in Special Collection accounts for purchase of Missionary papers being moved to accounts used for the purchase of Naval papers.

Controller Mahoney noted that these funds were usually transferred with the knowledge of the donor and the Dean. Scott asked if there was any oversight on this issue and if these recent transfers could be looked into. Controller Mahoney agreed to investigate this and respond back to Professor Scott.

Chair Ferrell noted that the Foundation had an excellent web page and that perhaps a link could be provided where individuals could ask questions like this.

Chair Ferrell thanked the guests for their report. Clark thanked the committee for their interest and concluded with a note that the operations of the university’s foundations were under “much better control now.”

**Agenda Item #4.**
Vice Chancellor Toller noted that there were multiple ways of defining non-teaching EPA employees.

Vice Chancellor Seitz asked what was the question that we want answered?

Chair Ferrell noted that we would like to know about the number of EPA employees over the past five academic years.

Seitz responded that over the years a number of SPA have moved to EPA status.

Thompson noted that some of this information was available in the university fact book.

The Committee next look at a handout that listed “per Jim Mullen, Assistant Vice Chancellor of Human Resources, {the} 10 new SAAOII positions (non-teaching) that have been established from August 2004 to April 18, 2005. Systems Coordination has not had a chance to look at the number for the last 4 years.”

Seitz noted that with the Centennial Campaign we will probably have some additional non-teaching EPA positions added.

Chair Ferrell noted that it was “useful” to keep an eye on this type of activity. We need to look at the EPA non-teaching positions given the proposed budget cutbacks. He noted that it was a common “faculty fable” that teaching positions were converted to EPA non-teaching positions.

Toller noted that we need to know more about this group – we currently don’t know yet. He would be interested in working with a Committee subgroup to look into this issue.

Chair Ferrell stated that he would talk with the Chair of the Faculty about the establishment of a sub-committee on EPA non-teaching.

Toller noted that with the completion of the Human Resources module in Banner, more information would be available. He would like to work to change the “faculty fable” myth that Chair Ferrell noted above. He asked Vice Chancellor Seitz if it would be ok for him to work with the Committee on this issue. Seitz replied “ok”.
Agenda Item #5.
Thompson replied to the Committee request for more information on the “cost per student under the distance education and on-campus funding models.” He stated that basically the short answer is that this cannot be done. He next provided the Committee with several ratio charts for: Nursing, History, Education, Chemistry, English and Business. The Committee was given this information pulled from Academic Management Information Reports so that we can look for trends. There are some issues with the reports in that in some cases 1) no figures were collected and 2) we don’t get the same dollar amounts for D.E. that we do for on-campus programs. He noted that of the 90 or so new positions we are filling this fall some 80% are D.E. In some cases D.E. funding actually supports on-campus programs.

Chair Rigsby noted that following the dollars gives us a false picture of the D.E. toll on faculty.

Chair Ferrell stated that he would like a two or three page summary of this report from Thompson.

Professor Scott noted that D.E. costs are not always attributable to a specific year. For example some faculty spend a considerable amount of time developing a canned course, then they may use it for a number of years. Eventually the material has to be revised, but that cost/time expenditure may to not apportioned over the entire time period.

Agenda Item #6.

Chair Ferrell noted that the Committee budget recommendations had been distributed to the Senate and that he plans to forward them on to the Chancellor. (See minutes of 7 April 2005).

Chair Rigsby noted that the Office of the President has stated that there will be no flexibility on local campuses for budget reductions this time.

Chair Ferrell noted that we are now defending the academic core of the university. He noted that he appreciated the support the administration at East Carolina had provided to assist with the work of the University Budget Committee this year.

Chair Ferrell also thanked the committee secretary, Ralph Scott for his good work during the year.

There being no further business, Chair Ferrell declared the meeting adjourned at 5:05 p.m.

Respectfully submitted,

Ralph Scott
Secretary, University Budget Committee