

Minutes, University Budget Committee, Oct. 17, 2019

Regular members in attendance: Uduak Akpan, Holly Wei, Cindy Elmore, Steven Garrett.

Ex-officio members in attendance: Joe Gaddis, Gary Vanderpool, Becky Welch, Sara Thorndike, Susan Chapman and Peter Francia.

Faculty Senate Chair Jeff Popke also attended.

1. UBC Chair Holly Wei called the meeting to order just after 4 p.m.
2. Minutes of the September UBC meeting were approved in a vote.
3. Sara Thorndike, vice chancellor for administration and finance, gave a presentation and update on the budget of ECU and its ancillary entities. This included an overview of:
  - ECU's financial governance system
  - ECU's revenue sources and uses
  - ECU's fund structures
  - The various entities that regulate ECU funds
  - A breakdown of where ECU's revenues came from in FY18
  - A breakdown of current revenues, expenses and changes to net position
  - The trajectory of state appropriations to ECU from 2015 to what is budgeted for 2019.
  - The five-year trajectory of tuition and fees at ECU
  - A five-year breakdown of historical revenues to ECU
  - Breakdown of total FY18 expenses and functional expenses
  - An overview of ECU's net position and of ECU's long-term debt
4. In her presentation, Sara Thorndike added the following:
  - ECU's "carry-forward" percentage is 2.5%, which is typically assigned to capital projects such as repairs and renovations on campus. This supplements the repair and maintenance funds allocated by the state. ECU has about \$700 million in deferred maintenance. The BOG has approved a new formula for repair and renovation needs.
  - ECU is the only campus in the UNC system with a "practice plan" (revenues associated with ECU physician and dental practices) such that 'patient services' make up a significant share of revenues.
  - Because ECU has not been drawing the same level of out-of-state students it has typically attracted from northeastern states in the past, it was decided not to raise tuition for out-of-state students.
  - With the economy due for a recession soon, ECU funds are already so "slim" that it isn't clear how the university could handle another cut – especially since the state no longer permits tuition increases on existing in-state student cohorts. Under the current state system, it is difficult to simultaneously freeze tuition

while not having additional state appropriations to make up for that. All state institutions are nervous about this reality.

- If approved, most of the tuition increase expected for next year will be used to pay for additional insurance coverage. With recent severe hurricanes, it was determined that ECU and other state institutions did not have adequate coverage.
  - Two-thirds of ECU's expenditures go to salaries and benefits.
  - Most of ECU's long-term debt is due to athletics, housing, dining, and auxiliaries. ECU typically does not borrow money for academic buildings. While ECU is currently seeing several new buildings under construction or recently constructed, many existing buildings "are falling apart." Mendenhall, for example, needs \$30 million in repairs but ECU will probably be able to pay for only \$5 million of that. The planned use for Building 43 has been relocated to the previous Student Stores (Bookstore) space in Wright which is being renovated instead. However, the university is in the process of trying to move ECU entities out of leased space and onto campus in an effort to save money by getting out of leases.
5. Jeff Popke asked about state budget cuts to the UNC system. Thorndike responded that state-appropriated general funds have been going up at ECU, but so have expenses. She explained that if enrollment goes up, ECU and other UNC institutions get more funding, but if enrollment goes down, they receive less funding. This funding model needs to change because there is no increase in this model for inflation or higher expenses. Only existing money can be reallocated to cover those things.
  6. Jeff Popke reported on the Faculty Salary Advisory Group, explaining that the group has put forward the names of all faculty who are 0.75 standard deviations below their predicted salary based on a model that includes rank, unit, and years of service, and this has gone to the deans and department chairs. While the faculty salary study has not yet been released, it was due to be presented to a committee of the Faculty Senate this week. The study is nearing completion and forums will be held.
  7. The Faculty Officers have begun a dialogue with the administration about the appropriate places for faculty voices in ECU's budget process. Information is being compiled from other universities about their campus budget processes. Popke added that the provost and Sara Thorndike have been open to this process.
  8. The meeting adjourned at 4:45 p.m.