

University Budget Committee Minutes

Meeting Date: 24 Sep 2020	
Meeting Topic(s): Covid Budget, Top 3 objectives,	
<p>Attendees, Members: Uduak Akpan, Holly Wei (Chair), Cindy Elmore, Steve Garrett (Secretary), Page Varnell (Vice Chair), Jennifer McKinnon</p> <p>Ex-officio Members: Stephanie Coleman, Wendy Sergeant, Gary Venderpool, Sara Thorndike, Susan Chapman, Purificacion Martinez</p> <p>Attendees, Guests: Lisa Ormond</p>	
Meeting Purpose(s): Scheduled Monthly Meeting for September	
<p>Objectives/Outcomes: We had a very robust discussion of the number from Sara Thorndike. That was followed by several questions and answers. A great deal of uncertainty remains, to say the least, however it's apparent from the reports that diligent cost management efforts by the University is the best approach to handling the situation.</p>	
Agenda Item #1	Approval of minutes from prior meeting
Options/Points Raised:	No objections, minutes approved
Decisions or Recommendations:	N/A
Agenda Item #2	Dr. Sarah Thorndike, update on ECU budgetary issues under Covid-19
Options/Points Raised:	See below
Decisions or Recommendations:	N/A
Agenda Item #3	Top 3 objectives of the UBC for 20/21 term
Options/Points Raised:	Quick overview, Holly will send PPT by email, we will discuss in more detail next month
Decisions or Recommendations:	Everyone review the PPT, discuss next month
Agenda Item #4	Updates
Options/Points Raised:	Did not get to this before adjourning
Decisions or Recommendations:	

Action Items		
Task to Be Done	Person Responsible	Due Date
Send Survey to committee	Holly	9/25/20
Attend task force committee for Cindy	Page	10/6/20

Freeform Notes

Meeting called to order at 4:00 PM.

Minutes from August meeting were approved as submitted with no objections or comments.

Dr. Thorndike presentation

- General comment – state budget is stable for current fiscal year.
- Board of Governor’s meeting recurring theme – cutting expenses / being more fiscally responsible / too much admin and salaries / paying too much for people
- This year tough on auxiliaries, next year likely to be tough on state budget side – we don’t know the extent yet
- Need to be proactive this year to be able to get into next year as strongly as possible
- Enrollment and tuition revenues are strong
- Reserves are going well for the current year
- In the Spring, we received \$19.4 million from Federal government.
 - Used about half for students by June
 - Most of about \$100 k used this Fall to help students with technology
 - Requested by students
 - Pell-eligible students
 - Other half goes into reserves to help absorb the hit from the return to online for housing and dining and other facilities expenses
- Will see ongoing struggles in Athletics, housing, dining, bookstore, and parking / transit
- Received \$3.4 million from NC for Covid expenditures – mostly for tech and PPE type spending. Very restricted funding – expires year-end 2020.
- Anticipate lots of spending needs for Spring, but not money coming in.
- Spent or committed half of the funds.

- Lost revenues in Fall (refunds or lower receipts / lower fees) anticipate \$25 million in the Fall and another \$15 million shortfall in Spring.
- All the materials displayed are available on-line
- Spent 100% of state money last year, expect to do so again this year
- Unrestricted funds are most flexible – spent a great deal last year on capital projects plus accounting practice changes contributed to spending levels
 - Target to spend \$25 million, grew funds balance due to strong savings efforts last Spring which helped increase the balance
 - Admin & Finance – postponed capital projects helped add
 - Student Affairs – finished last year on target even with refunds
- Tuition & Fees
 - Tuition
 - YoY 2019 down \$6.3 million, YoY 2020 down \$5.3 million
 - Comp to budget vs. 18 weakened
 - Mandatory Fees went down \$1.4 million vs 18, due to mix of students (part-time vs full-time, online vs. f2f)
- 20/21 summary
 - Plan to spend \$18.8 million of unrestricted fund balances
 - Admin & Finance – goal to break even
 - Had to furlough, also able to reassign employees
 - Student Affairs – target spend \$2.7 million
 - Need to use university resources to help bridge the shortfalls due to refunds in housing and dining
 - Tuition – targeted close to flat (much better than previous trends)
 - No increase next year
 - Due to competitive market, hard to increase tuition
 - Mandatory fees down with online attendance
- Questions:
 - Cindy – how does 3rd highest enrollment news report square with reduced tuition figures?
 - It depends on level of part-time or mix of in-state/out-of-state students (lower in-state tuitions)
 - This all feeds into student credit-hour values
 - It's too complex to equate the calculations between enrollment and tuition
 - Jennifer – why was tuition funding flat vs prior year?
 - We were flat vs previous decline
 - Jennifer 2 – why are we working on capital expenses when there is a trend towards part-time and on-line students
 - Timeline on capital expenditures is 5 to 8 years
 - Current cash outflow is on projects from 3 to 5 (or more) years ago when enrollment was on a growth track
 - New capital projects are typically focused on health / safety, Millennial Properties (joint venture with revenue inflows), or required maintenance and repairs (Mendenhall, for example)
 - Puri –

- Does projected shortfall of \$15 million account for comment about potential retention issues
 - The \$15M is only for auxiliaries
 - Reduction in tuition is from state funds – we would have to address right away
 - Directive on billing is that we should continue Fall billing practice in the Spring regardless of delivery methodology
 - If bill F2F in Fall, do same in Spring regardless of delivery process
 - If this mandate changes, we have \$20M in fees at risk
 - If students don't come back, it will spike the loss
- Classroom occupancy limits will hurt retention – what can we do?
- Puri 2 – Should we feel comfortable that the planning scenario of 10% cut is adequate, or should we expect to have a deeper cut?
 - Our message to state legislature is that we're making EVERY effort to hold or cut spending / costs.
 - Anything we can do to show good faith efforts might help soften cuts.
 - We shouldn't count on anything new for nice things given the budget situation.
- Puri 3 – follow-up on UNC system and legislatures – it sounds like we're going to continue to have a hiring freeze
 - Sara thinks that this is a reasonable assumption and likely to go on for a few years
- Jennifer 3 – where are faculty headcount costs hit in the spreadsheet?
 - It's in the state funds and related to tuition
 - This is the line where we would spend 100%
 - Vacant positions help us deal with tuition shortfalls
 - We can break down into details for each College
- Puri 4 – System Sustainability Task Force –
 - goal to have broad representation and grass-roots input
 - charge
 - try to figure out how overhead and shared services costs are allocated to the diff budget codes in Auxiliaries
 - 65 - Everything but Medical and Dental schools
 - 66 - Medical and Dental schools
 - We never really allocated shares of central costs to those two schools – we will review but not necessarily change this process
 - Also going to look at internal billing and charging processes

- Need to really understand fixed costs and overheads to be able to explain tuitions and fees to students
 - Debt service
 - Utilities
 - Maintenance and Repairs
- None of the ECU system schools have a comprehensive budget, because we all have different sorts of funding
 - New director from System President that all institutions will need to have a consistent budget format

Holly will send PPT on Top 3 Objectives – we will revisit next month.

Cindy can't go to the meeting on Tuesday regarding to fee increases (teaching a class that she can't cancel). Tight window to approve a proposal – needs to go to Chancellor and then to Board for approval. The first meeting is on 10/6. Sara suggested that they could record the meeting and defer voting. Need to get proposals / virtual presentations to the students between the 6th and 10/23. Student participation is a required component. Page volunteered to take Cindy's place on this meeting.

Holly introduced the survey and stated that the results are too broad to cover in 6 minutes. Holly shared the PPT on-screen and gave a quick summary of the contents.

Motion to adjourn was made and immediately seconded. The meeting adjourned at 5:02 PM.



Survey Results

University Budget Committee

September 2020

Question 1

Please list the top three objectives that the university budget committee needs to work on during 2020-2021

1. Increase faculty involvement in budget affairs
2. Increase faculty knowledge about budget procedures
3. Find optimal ways to deal with state budget cuts in 21/22
4. Identify ways to keep the faculty positive and on board given the recent lack of raises
5. Determine how to live out the charge
6. Get complete information on budgetary and spending matters at ECU.
7. Have more information made available electronically to both constituents and the public.
8. Due to covid-19 and budget worries, the university should provide a declaration/promise that instruction will be protected at all costs. This will help alleviate some anxiety and worry.
9. Colleges should provide 3- or 5-year contracts (5 preferably) for Fixed Term Faculty. Even if a program is eliminated, a teach out plan is required by SACS)
10. True shared governance regarding future budget challenges/decisions
11. Be very involved in the university budget process. Attend meetings, ask questions, ask to attend more meetings. Faculty need to be involved in the discussion of budget and the process.
12. Liaise with and provide assistance to the newly forming fiscal sustainability task force.
Translate budget and financial crisis for the faculty. Administrators are not effectively conveying the budgetary challenges we face, and the budget committee can help to take that information and translate that for the faculty so that they understand.

Summary

1. Faculty involvement in budget affairs

- I'm not sure I feel qualified to participate in ECU's budgetary decisions, to be honest, though I fully agree with the Faculty Senate push for greater faculty involvement. But I very much believe this process needs to be more open and transparent and understandable to those of us who work here. Sometimes it seems aimed at a small and narrow group.
- True shared governance regarding future budget challenges/decisions;
- Ways to keep the faculty positive and on board given the recent lack of raises
- Ways to live out the charge
- Be very involved in the university budget process

2. Faculty knowledge about budget procedures

- Complete information on budgetary and spending matters at ECU
- Have electronic information available to constituents and the public
- Coordinate with and help the newly forming fiscal sustainability task force
- Attend meetings, ask questions, ask to attend more meetings. Faculty need to be involved in the discussion of budget and the process

3. Effects of budget committee

- Translate budget and financial crisis for the faculty.
- Bridge knowledge gaps so that faculty can understand
- 3- or 5-year contracts (5 preferably) for Fixed Term Faculty
- Find optimal ways to deal with state budget cuts in 21/22

Question 2

Please list any questions, concerns, and comments that the committee can address this academic year

1. Are there budget cuts from the state level to ECU and how does the university plan to make up for this shortfall (if there indeed is one)
2. How will the University decide how to adjust the budget if it comes to it?
3. What actions can the University take to balance the books?
4. I'm not sure I feel qualified to participate in ECU's budgetary decisions, to be honest, though I fully agree with the Faculty Senate push for greater faculty involvement. But I very much believe this process needs to be more open and transparent and understandable to those of us who work here. Sometimes it seems aimed at a small and narrow group.
5. Instruction protected/instructional positions protected during budget challenges with Covid-19
6. True shared governance in regard to budget challenges
7. What guiding principles/steps will be considered regarding future budget challenges/decisions?
8. Does ECU have a solid accounting of the University? Which programs generate a surplus or require a subsidy? Are academic programs efficient? Is information tracked on costs and revenues of programs/departments? (Not all programs running a deficit should be closed)
9. Is ECU looking at distribution of TT and contingent? Are course loads appropriate? Instructional costs per full-time equivalent student? Courses or sections under-enrolled? Can early retirement be promoted?
10. What are the implications of creating new programs/degrees and what will that cost in instruction and academic support look like?
11. Why build given deferred-maintenance backlogs and poor space utilization? Renovation through replacement rather than building new. Raze a structure to make way for a new one. Clears maintenance in the process. Return to a no-growth plan since numbers of students are not growing and will not grow. Consider space waste and digitize space inventories with 360 scan of room.
12. How can ECU effectively convey the budget challenges to the faculty, staff and student better? How can the permit faculty to respond, grieve, or adjust to major changes?
13. ECU needs to address administrative bloat. Some positions need definition, some divisions need realignment, some positions need to be cut. Compare over time the ration of administration to faculty, staff to faculty, as well as to students.
14. ECU needs an inclusive budget process!
15. ECU is going to be going through a huge budget crisis and faculty must be involved at every step. If data is gathered, it should be provided to the budget committee for review. If decisions get made on data, faculty need to be involved.

Summary

1. Budget

- Are there budget cuts from the state level to ECU and how does the university plan to make up for this shortfall (if there indeed is one)
- How will the University decide how to adjust the budget if it comes to it?
- How can ECU effectively convey the budget challenges to the faculty, staff and student better? How can the permit faculty to respond, grieve, or adjust to major changes?

2. Actions to balance the budget

- What actions can the University take to balance the books?
- What guiding principles/steps will be considered regarding future budget challenges/decisions?
- ECU is going to be going through a huge budget crisis and faculty must be involved at every step. If data is gathered, it should be provided to the budget committee for review. If decisions get made on data, faculty need to be involved
- ECU needs an inclusive budget process

3. Concerns

- Instruction protected/instructional positions protected during budget challenges with Covid-19
- Administratively, some positions need definition, some divisions need realignment, some positions need to be cut. Compare over time the ration of administration to faculty, staff to faculty, as well as to students..
- Does ECU have a solid accounting of the University? Which programs generate a surplus or require a subsidy? Are academic programs efficient? Is information tracked on costs and revenues of programs/departments? (Not all programs running a deficit should be closed)
- Is ECU looking at distribution of TT and contingent? Are course loads appropriate? Instructional costs per full-time equivalent student? Courses or sections under-enrolled? Can early retirement be promoted?

4. Questions about courses

- What are the implications of creating new programs/degrees and what will that cost in instruction and academic support look like?
- Why build given deferred-maintenance backlogs and poor space utilization? Renovation through replacement rather than building new. Raze a structure to make way for a new one. Clears maintenance in the process. Return to a no-growth plan since numbers of students are not growing and will not grow. Consider space waste and digitize space inventories with 360 scan of room.

Question 3

Please list the speakers from our university that you would like to hear during 2020-2021

1. Please list the speakers from our university that you would like to hear during 2020-2021 academic year.
2. Definitely the athletics department - how they have dealt with the challenges of the directives not to increase the student athletic fees coupled with the challenges of decreased revenue from game ticket sales
3. Interim chancellor. Legislative person who represents ECU's interests at the General Assembly. Sara Thorndike. Whoever is in charge of fundraising from donors and alumni.
4. I think faculty would also very much like to hear from someone who studies our administrative costs (or the administrative costs at universities in general), which have crept steadily upward in terms of both staffing and salaries. ECU is a very bureaucratic place, and sometimes those things go hand in hand.
5. Having said all this, honestly, so much about the budget seems a bit deflatingly futile.
6. Chancellor (current and New)
7. CFO
8. BOT
9. Someone who handles space and space audits who can discuss ECU's use of space over time.
10. Someone who can speak to deferred-maintenance backlogs and building plans and development.

Summary

1. The athletics department
 - how they have dealt with the challenges of the directives not to increase the student athletic fees coupled with the challenges of decreased revenue from game ticket sales
2. Chancellor (current and New)
 - Assembly. Sara Thorndike. Whoever oversees fundraising from donors and alumni.
3. Someone who studies our administrative costs
 - Regarding staffing and salaries
4. CFO
5. BOT
6. Someone who handles space and space audits
 - Discuss ECU's use of space over time
7. Someone who can speak to deferred-maintenance backlogs and building plans and development.

Question 4

Please provide one to three suggestions which we can solicit input from the faculty on 1) topics for our focus and 2) action items once we have an agenda?

1. Surveys - Task individual department chairs with gathering suggestions from their members. That may increase the likelihood of receiving responses rather than if we asked the individual faculty member
2. Global Surveys
3. Department chair surveys / requests for input
4. I can't say.
5. Survey Faculty

Summary

1. Department Surveys
2. Global Surveys

Question 5

Please provide one to three suggestions to promote faculty involvement helping administrators solve the problems faced with the budget issues.

1. We have a bunch of emails from the Announce list - if we use email, it needs to be memorable and eye-catching
2. Is there any sort of intra-net or ECU bulletin board we can use?
3. Develop internal social media style of communications tool (I know, easier said than done)
4. Tell faculty what they can do to effectively pressure the UNC System and the General Assembly to adequately fund higher education. This isn't partisan and shouldn't just be done at the administrative level. Faculty need to be making the case to the state as to why there is value in funding higher education. Perhaps someone in the College of Education researches this topic?
5. After tracking costs and revenues, faculty should be part of a program-prioritization study. It can be driven by faculty using data generated by ECU with defined criteria for evaluation. Faculty should be assigned divisions/departments other than their own.
6. The same goes with administrative divisions. Costs and revenues should be tracked and a administrative-prioritization study driven by faculty with defined criteria for evaluation.
7. Faculty from specific departments could be utilized to conduct the research studies related to the budget. Pay them through buyouts or other means to gather data rather than outsourcing. Put a researcher in the position of data collection and analysis. Involve relevant departments in space audits and analysis, building and renovations, etc.

Summary

1. Effective use of emails:
 - If we use email, it needs to be memorable and eye-catching
2. Intra-net or ECU bulletin board
 - Develop internal social media style of communications tool (I know, easier said than done)
3. Faculty involvement
 - Inform faculty what they can do to effectively pressure the UNC System and the General Assembly to adequately fund higher education. This isn't partisan and shouldn't just be done at the administrative level.
 - Faculty need to be making the case to the state as to why there is value in funding higher education. Perhaps someone in the College of Education researches this topic?
4. After tracking costs and revenues, faculty should be part of a program-prioritization study.
 - It can be driven by faculty using data generated by ECU with defined criteria for evaluation.
 - Faculty should be assigned divisions/departments other than their own.
5. Administrative divisions
 - Costs and revenues should be tracked, and an administrative-prioritization study driven by faculty with defined criteria for evaluation.
6. Faculty from specific departments could be utilized to conduct the research studies related to the budget.
 - Pay them through buyouts or other means to gather data rather than outsourcing.
 - Put a researcher in the position of data collection and analysis.
 - Involve relevant departments in space audits and analysis, building and renovations, etc.