

## University Budget Committee Minutes

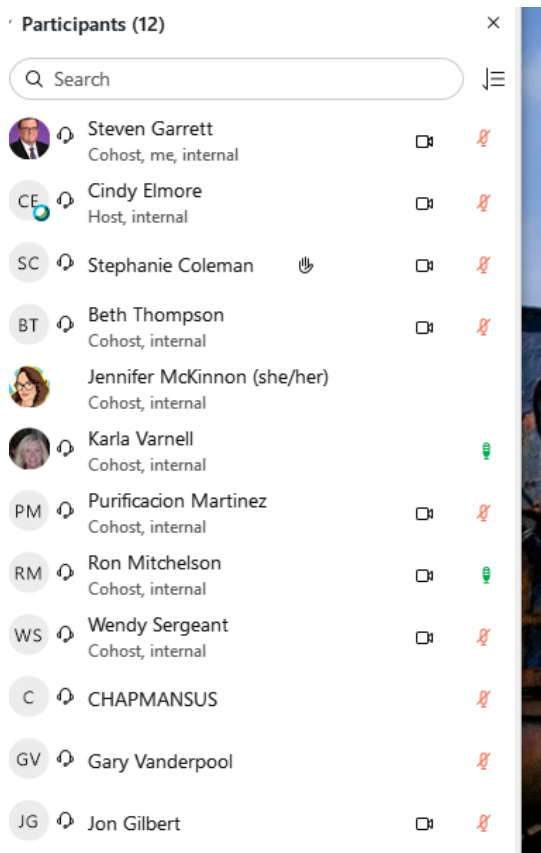
<b>Meeting Date:</b> 02/25/2021	
<b>Meeting Topic(s):</b> Presentation and discussion with Dr. Ron Mitchelson, Interim Chancellor; Presentation and discussion with John Gilbert, Athletics Director; Update on Fiscal Sustainability Committee Summer Salary Sub-committee and discussion with Senate Chair Dr. Purificación Martínez	
<b>Attendees, Members:</b> Dr. Uduak Akpan, Dr. Molly Jacobs, Dr. Holly Wei (Chair), Dr. Cindy Elmore, Steve Garrett (Secretary), Dr. Page Varnell (Vice Chair), Dr. Jennifer McKinnon	
<b>Ex-officio Members:</b> Ms. Stephanie Coleman, Dr. Wendy Sergeant, Dr. Gary Venderpool, Dr. Becky Welch, Dr. Susan Chapman, Senate Chair Dr. Purificación Martínez, Tucker Robbins	
<b>Attendees, Guests:</b>	
<b>Meeting Purpose(s):</b> Q&A with Interim Chancellor Dr. Mitchelson, Athletics Director Gilbert, and monthly update of Fiscal Sustainability Committee activity	
<b>Objectives/Outcomes:</b>	
<b>Agenda Item #1</b>	<b>Approval of minutes from prior meeting</b>
<b>Options/Points Raised:</b>	
<b>Decisions or Recommendations:</b>	Approved with changes.
<b>Agenda Item #2</b>	<b>Presentation and Q&amp;A with Interim Chancellor Dr. Ron Mitchelson</b>
<b>Options/Points Raised:</b>	<p>10% cut prep work - There is no indication that we will face a 10% cut. This would not be a strategic option.</p> <p>Protecting the classroom – that’s always an objective. We have had to make some difficult choices. The way out is to increase enrollment, which is an on-going effort.</p> <p>Reduction of bureaucracy – ECU isn’t out of the ordinary. Much bureaucracy in higher education is due to government regulations. The Fiscal Sustainability effort may help with this.</p> <p>Public relations efforts – we need our University leaders, the President and Chancellor, to work within the political environment in Raleigh. That would be the most effective method to improve our budgetary position.</p>

	<p>Reducing athletic subsidies / athletic conference fit – the AAC is a great fit for ECU. AD Gilbert will address this question during his part of the meeting.</p> <p>Lowering standards from pressure to increase enrollment – This perception has always been there. We set a new record with the number of applications and acceptances are up. Student statistics are in line with our goals and targets.</p>
<b>Decisions or Recommendations:</b>	
<b>Agenda Item #3</b>	<b>Presentation and Q&amp;A with Athletics Director Jon Gilbert</b>
<b>Options/Points Raised:</b>	<p>Athletic subsidies / conference affiliation –</p> <p>Most Division 1A schools subsidize athletics (25 of 130 operate in the black). 2020 / 2021 was an anomaly due to the unique pressures of the pandemic. Athletics did make budget cuts including reductions and furloughs. The remedy is a return to auxiliary revenue streams (fans in seats, concessions, merchandise) and having a winning football program.</p> <p>AAC membership is much more financially viable than the previous conference, especially in terms of TV revenues. We receive \$6 to \$7 million in TV money. There is also a large (\$11 million) exit fee to consider.</p>
<b>Decisions or Recommendations:</b>	
<b>Agenda Item #4</b>	<b>Updates on Fiscal Sustainability Committee activity, focus on Summer Salaries Sub-Committee with Senate Chair Dr. Purificación Martínez</b>
<b>Options/Points Raised:</b>	<p>The (at-the-time) Chancellor-Elect has been briefed on the work of the Fiscal Sustainability Committee and supports the effort.</p> <p>Sub-Committees that are active include the following:</p> <p>Academic Programs and Faculty Workloads – reviewing funding formula, developing alternatives to improve our situation using a data-driven process.</p>

	<p>Recruitment and Enrollment group is focusing on Military, adult learners, and DE students as well as making ECU more appealing to Hispanic students.</p> <p>The Faculty Welfare sub-committee is evaluating Summer Salary structure and formula. Pay for Summer 2021 will not change; any change will take effect next year at the earliest.</p> <p>The Fiscal Sustainability committee will issue a progress report in April, with forums established so that stakeholders can discuss the material in the report.</p>	
<b>Decisions or Recommendations:</b>		
<b>Agenda Item #5</b>	The meeting was adjourned at 4:58 PM.	
<b>Options/Points Raised:</b>		
<b>Decisions or Recommendations:</b>		
<b>Action Items</b>		
<b>Task to Be Done</b>	<b>Person Responsible</b>	<b>Due Date</b>

## Freeform Notes

### Attendance



Participants (12)

Search

Name	Role	Status
Steven Garrett	Cohost, me, internal	Muted, Video Off
Cindy Elmore	Host, internal	Muted, Video Off
Stephanie Coleman		Muted, Video Off
Beth Thompson	Cohost, internal	Muted, Video Off
Jennifer McKinnon (she/her)	Cohost, internal	Muted, Video Off
Karla Varnell	Cohost, internal	Video On
Purificacion Martinez	Cohost, internal	Muted, Video Off
Ron Mitchelson	Cohost, internal	Video On
Wendy Sergeant	Cohost, internal	Muted, Video Off
CHAPMANSUS		Muted, Video Off
Gary Vanderpool		Muted, Video Off
Jon Gilbert		Muted, Video Off

### Dr. Mitchelson –

- We were told at the beginning of the year that the UNC System president said the system wants administrative costs to be lowered at UNC system schools. We recognize that the furloughs by 23 senior administrators was a sacrifice amounting to a 4% pay cut. Currently, however, when cuts of up to 10% are passed down uniformly to each unit, the result is the elimination of faculty positions.
  - We've asked for plans to cut 10%, there's no announcement that we'll need to execute cuts this deep. This would certainly cause staffing reductions should we need to do a 10% across-the-board cut.
  - In the past, we did not do uniform cuts as this isn't a strategic approach.
  - In 2017-18, we had a 'surprise' \$1 million cut, which we handled via differential cuts to avoid damage to certain units / colleges.
  - Big problem recently is shortfall in tuition revenues; we needed to cover a \$16 million shortfall. There were hits to academic positions – 100 positions, 46 were faculty.

- How can we protect the classroom in these tough budgetary times? Our class caps keep getting larger and larger, which means the steady and continued elimination of writing assignments. This, in turn, means more of the kinds of tests and quizzes that can translate to momentary knowledge rather than lasting knowledge. Moreover, cheating has become rampant on these types of tests. It is much more difficult to cheat on writing assignments, but we simply can't have them with bigger and bigger classes. Can this EVER be reversed?
  - We've made a good faith effort to protect the classroom as much as possible. That doesn't minimize the fact that we have had some painful cuts.
  - Class cap sizes are larger in some units / not in all, though.
  - We might have a new project budding related to funding reallocation.
  - The "way out" is to increase / grow enrollment. We have on-going efforts to address this need.
- What specific things are being done to reduce bureaucracy at ECU?
  - ECU isn't unusual – all higher education institutions have this issue.
  - Government regulations are a primary driver for bureaucracy. The solution would be overall reduction of regulation at the state and national government level.
  - Fiscal Sustainability process may contribute to the effort.
- Why doesn't ECU ever do a public campaign to get public support for its needs? The public at large has no idea what has been and is continuing to be lost at ECU. Accentuating the positive is a good thing, but most people probably don't know what is being lost by the continuous funding shortfalls. Therefore, why should they ever pressure their legislators to do anything different?
  - We need our leaders, such as the current President and incoming Chancellor, to effectively work the political system in Raleigh.
- How can we stop the continued subsidization of athletics? Is it being subsidized again this year from cuts to Academic Affairs?
  - This past year has been a complete disruption to the revenue stream. We've also had some revenue reductions due to on-field and on-court performance. We can't cut our way to excellence.
  - AD Gilbert will address this in more detail.
- How can we get ECU Athletics into a league more in line with what ECU can afford? College athletic officials will ALWAYS want to be in bigger and bigger leagues—something that is surely supported by the big athletic donors in town who want to see ACC-level games in Greenville. But outside of those two groups, many people would be just as happy to go to a football game on a Saturday afternoon no matter who the opponents are. Why do we have to keep trying to play with the "big boys"? Plenty of academically successful universities choose a different, lower cost, route.
  - Dr. Mitchelson thinks that the American Athletic Conference is a great fit. There are great schools in the conference (Tulane, Navy, etc.) that have a national profile.
  - There is a tremendous external positive for the University from successful athletics.

- Because those with money to donate so often give to athletics, is there concern that they are “tapped out” without having given to the academic mission? In other words, if the athletic needs weren’t so significant, perhaps large donors WOULD give to academic needs at ECU – can you address this.
- Please address this: With the ever-increasing competition for students, faculty have significant concerns that ECU will continue to lower its standards. I have students who cannot – literally cannot – write an actual, grammatically correct sentence. And this isn’t an insignificant number, yet my unit is very fearful of raising standards for fear faculty will lose their jobs.
  - Dr. Mitchelson stated that this perception is nothing new – it’s been there for decades.
  - We’ve developed a new admissions process and are doing well. Our current applications (20,500) is a new record, and our acceptances is up as well.
  - The stats for the incoming students are in line with our goals and targets.
  - We all have students who need to improve their writing.
  - Honors College is a great draw.
- Q: PM – If you were given a magic wand that would help ECU thrive in the future, what would you change?
  - Formula funding that’s based on volume (new students, more students)
  - This drives the 16 schools in the system to behave in an unhealthy manner
  - Continuous improvement focus would be a great benefit to ECU and the system.
  - Will have to retain volume, as well
- Q: PM – Are there serious conversations about changing the formula?
  - VP Andrew Kelly would like to elevate this discussion. There is no consistent conversation to drive change away from volume.

#### Questions for Athletics Director Gilbert:

How can we stop the continued subsidization of athletics? Is it being subsidized again this year from cuts to Academic Affairs?

- 130 schools in 1A athletics. Only 25 of these schools operates “in the black” for athletics.
- There will always be an institutional investment in athletics at ECU.
- This past year is an anomaly. We could not grow in any way as we were limited in attendance in all team sports.
- All traditional revenue options – merchandise, concessions, etc. – were closed.
- We did a year-end campaign in Nov/Dec to raise \$1 million to help fund scholarships.

- We created \$9 million in savings since last March
  - 2 rounds of furloughs
    - Summer – 5 days
    - Fall - % based on pay starting at 20% and down to 15 days or extended furlough
  - Budget reductions
- We can't get direct state money for sports – only options are auxiliary sources

How can you realistically meet your expenses on your own?

- Grow revenue through the available auxiliary streams.
- Football drives the bus – when football does well, we can operate with a positive budget position and did so as recently as 2012.
- Successful programs lead to revenues from ticket sales, the Pirate Club, Parking, concessions, merchandise, etc.

How can we get ECU Athletics into a league more in line with what ECU can afford? College athletic officials want to be in bigger and bigger leagues—something that is surely supported by the big athletic donors in town who want to see ACC-level games in Greenville. But outside of those two groups, many people would be just as happy to go to a football game on a Saturday afternoon no matter who the opponents are. Why do we have to keep trying to play with the “big boys”? Plenty of academically successful universities choose a different, lower cost, route.

- We are in the league that fits ECU from a revenue perspective.
- Were in Conference USA in the past – similar travel and expenses with less TV revenues.
  - \$350k per year in TV money from Conference USA
  - \$6 – 7 million per year in TV money from American Conference
  - \$11 million exit fee to leave AAC.
- Growing success in the football program will stabilize overall expenses.
- Comment from Dr. Mitchelson –
  - He's a fan of the AD. He inherited some of the issues and is tackling difficult problems.

Fiscal Sustainability Committee update

- Met with Chancellor-Elect Rogers
  - He asked for updates on certain tasks prior his arrival at ECU
  - Some tasks have been reordered (for example, review of college structure) are taking priority and other assignments are more in the background.
  - Academic Programs and Faculty Workloads sub-committees also in the background.
    - They are reviewing and looking at the funding formula.
    - Working on developing alternatives that would improve our situation.
    - This is a data-driven process.
  - Recruitment and Enrollment group / strategic enrollment planning is underway.

- Met with leader of team focused on Military, adult learners, and DE students.
  - Enrollment group taking the lead in area of making ECU more appealing to Hispanic students. This will require specific outreach to families and students.
    - Student Affairs sub-group is leading this review.
- In most areas of the University, what we need is more resources versus budget cuts.
  - If we want to attract Hispanic students, we need to invest in resources to market and provide the proper environment (translations, for example).
  - If we want to consolidate compliance, we need to invest in staffing resources.
- Sub-group of Faculty Welfare looking at Summer Salary structure and formula
  - Dr. Elmore and Dr. Thompson are on the sub-committee – Ms. Sargent is the resource person
  - Issue to study related to salary formula. The deadline was impossible to meet due to the amount of data collection and analysis required. Pay for Summer 2021 will not change. The study due date was extended.
    - Some deans are supportive, others appear to want to keep the current system. The team is considering how to collect input from the deans.
- There was a general consensus that this 10% exercise was painful however there is a new feeling that the situation may not be as dire as it felt in the Fall.

Q: Dr. Elmore? – are the reduction plans consistent among the various Colleges?

A: Senate Chair Martínez - Some deans are taking different approaches. Budget Committee activities have been received well by the incoming Chancellor.

Q: Dr. McKinnon? – when do you expect to release a report to the entire campus?

A: Senate Chair Martínez – We plan to issue a report in April. There will be forums established to discuss the report. There will also be other sub-committees whose work extends beyond April, and that output will be shared when available.

Q: Dr. McKinnon – Regarding the Summer Salaries, it was originally portrayed as an across-the-board rule. I have since heard that it would be “discipline-specific” and may be varied based on department.

A: Senate Chair Martínez – The new approach is a rate based on discipline. The committee has requested data on rate by discipline, college, and position (Professor, Associate, Assistant, Teaching Instructor). This is the new information that led to the request for a date extension.



Ms. Sargent – course rates will be provided by the department. The initial discussion was to use the same rate for the summer. The new discourse is to try to determine the optimal process – same as regular semesters, new system, stay the course (no change). This data will be loaded to the Teams site for the sub-committee.

The meeting was adjourned at 4:58 PM.