

Spring 3-6-2014

Council of Chairs Meeting, March 6th, 2014

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COUNCIL OF CHAIRS, 2013-14
Minutes of the Meeting on March 6, 2014, 3:30 p.m.
Drinko 402; GC 134; SOP Conference Room

1. Attendance:

20 Chairs/Division Heads: Mike Castellani (CHM), Harlan Smith (FIN/ECN/IB), Dan Holbrook (HST), Marty Laubach (SOC/ANT), Josh Hagen (GEO), John Schloss (SOP), Jane Hill (ENG), Cam Brammer (CMM), Denise Landry (NUR), Steven Mewaldt (PSY), Penny Kroll (PT), Asad Salem (ENG), Jarrod Schenewark (KIN), Karen McNealy (CD), Jeff Archambault (ACC/LE), Rex McClure (MGT/MKT/MIS), Paula Lucas (C&I), Alfred Akinsete (MTH), Kim Broedel-Zaugg (SOP), Mike Cunningham (LS)

Guests: Ron Area & Lance West – MU Foundation

2. Mike Castellani called the meeting to order and turned the floor over to Ron and Lance, who led the first part of today's meeting.

3. Lance distributed three handouts: (1) an outline of today's presentation, (2) an example of a fund-raising campaign brochure – the Campaign for Distinction being run by the Foundation for the College of Arts and Media, and (3) a copy of the External Funding Request Review Form to be filled out by any unit (e.g., a department, division, or a college) that has developed a project which requires external funding and hence a partnership with the Foundation. Lance then gave us a quick overview of the Advancement Division (or Advancement Arm) of MU, which consists of 3 units: Alumni Relations, the Development Office, and the Foundation itself.

4. Ron Area then led us into a more detailed discussion of Development activities. With respect to fund-raising, in recent years the Development Office has raised between 15 and 20 million dollars per year. Over the past 4.5 years, to be more specific, the Foundation has raised approximately \$77 million in gifts and pledges. Its Return on Investment this past Fiscal Year was 11.4%, and this year's return is projected to be around 9.5%. But the primary focus of the Foundation's fund-raising efforts is not the money, it's relationship-building. As Ron put it, the Foundation is in the business of "developing relationships." This is a process that begins with identifying a potential donor (or "prospect"), qualifying that prospect for a particular type and size of donation or donations, cultivating that prospect over time, developing a strategy for soliciting and then negotiating the details of a gift or gifts, and then serving as stewards of the gift(s). All of this takes time, patience, the ability to listen, and the ability to articulate MU's needs. In essence, the Foundation can be thought of as an "Educational Broker": its job is to match up MU's needs with potential donors.

5. Ron noted that the Endowment has doubled within the last 6 years, and currently stands at \$120 million. Last year alone, the Endowment grew 9%. The Foundation right now has roughly \$175 million in assets under management, and gives back to MU about \$6.5 million per year.

6. Ron then closed his prepared remarks by asking a question he and Lance hoped would stimulate discussion: "How can we at the Foundation help you?" As discussion ensued Ron reminded us that the Foundation, through its Development Services office, will help a unit develop a proposal, and then help with soliciting the needed funds. Later in the discussion talk turned to the successful fundraising campaign launched by the Department of Chemistry several years ago, as an example of the

partnership work the Foundation would like to engage in with academic units that have specific fundraising needs. Lance then reminded us of the External Funding Request Review Form he distributed at the start of the meeting, invited us to think about projects we could initiate within our own units, and urged us to approach the Foundation with our thoughts and plans. Doing this will enable the Foundation to understand more fully the specific needs for project-based funding at the unit level, to expand its prospect base, and hence to fulfill more effectively and completely its role as MU's Educational Broker.

Discussion concluded shortly after 4 p.m.

7. Dan Holbrook, Council of Chairs rep on the university's Budget Working Group, then provided us with an update on the BWG. He distributed a 3-page handout summarizing the MU budgetary landscape and highlighting how the BWG's work fits into the overall institution-wide budgeting process. For those chairs not present, Dan can forward an electronic copy of this handout to you upon request.

8. During the fall semester the BWG met every other week, and is now meeting weekly – on Fridays from 3 to 5 p.m. In recent months, roughly 80% of the BWG's time has been taken up with learning about the new Banner Budget Restructuring effort. While this has been helpful, this has prevented the BWG from making progress on some other important issues, e.g., the promotion of transparency with respect to MU's budget and budgeting processes. Indeed, Dan reports that no progress has been made on this front to date.

9. Dan then took us through the FY2015 Budget Development Timeline, as spelled out in the handout. Budget Units across campus are currently developing their preliminary budget requests – with the charge to identify areas of potential savings and increased efficiency. By early April, final budgets are due in the Budget Office. A final proposed budget will be presented to the BWG on April 14, and a balanced budget for FY2015 is due to the BOG by April 15. The timeframe is very compressed, and the overall strategy appears to be one of waiting and seeing what the Budget Unit Proposals yield in terms of savings and efficiencies – and then going from there. In other words, MU has not yet developed a long-term strategic approach to the institution's budget problem, and is simply hoping that the needed savings can be identified by existing Budget Units within the next couple of weeks. But there is a \$14 million hole in the annual Operating Budget, and filling that hole will require more than simply increased operational efficiency across campus. Dan finds the current FY2015 Budget Development process to be, in short, discouraging and frustrating. Real progress has not yet been made.

In terms of the 3-pronged approach to Budget Process Development as highlighted visually on one of the pages in his handout, right now the BWG is somewhere in between "Current Improvements to Budget Structure" (the Banner Budget Restructuring effort) and presenting a balanced FY2015 Budget to the BOG in April. And the "Strategic Policy" component of the overall approach—which could/should lead to a new budget model over time—has not yet been integrated into the discussion.

10. One key point about MU's budgetary landscape that not many people are aware of is this: the BWG has as its mandate the management of MU's Operating Budget **only** – which is just one piece of the overall budget puzzle, and by itself totals slightly less than half of MU's total budget. Even some members of the BWG had thought, until recently, that the BWG was put in place to help manage the entire institution-wide budget process. But this is not the case. For those who would like

to get more of a sense of the component budgets that add up to the university's "Modified Cash Basis Budget," Dan provides a full breakdown of these components in the handout.

11. As discussion ensued, Dan noted several interesting points:

- 1) The \$\$ rolled over from the university's Modified Cash Basis Budget, from year to year, add up to approximately \$200 million – an amount roughly equal to the currently yearly Operating Budget;
- 2) Student fees and tuition collected per year add up to around \$85 million.
- 3) If all current open positions across campus are frozen or deleted, this would save at most only \$1 - \$1.5 million.

12. A question arose about e-course funds. The place of in-load e-course money has not been discussed explicitly by the BWG. But the fund totals themselves are on the budget working sheets the BWG gets to see.

13. What about the Athletics Budget? Whenever the Athletics Budget comes up for discussion at BWG meetings, it is made clear that at least for now the Athletics Budget is off the table.

14. Dan closed his presentation by emphasizing that the BWG needs to see an overall budget plan from the President's Office before it can make significant progress. But such a plan has not been forthcoming. No one, at least at our level, is quite sure what the overall plan might be – or even if there is one.

The meeting concluded shortly after 5 p.m.