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From: Chuck Somerville [mailto:chucksomerville@gmail.com]

Sent: Wednesday, May 01, 2013 7:25 PM

To: Mallory, David S; Castellani, Michael; Niemann, William; Morgan, Brian M; Akinsete, Alfred; Orsini, Nicola; Van Horn, Donald; Bookwalter, Robert B; Prewitt, Michael; Pittenger, David; Eagle, Teresa; Spindel, Donna J; Yingling, Kevin W; Dooley, Janet; Mader, Deanna
Subject: University Budget Work Group

FYI - please forward if I have missed anyone

University Budget Work Group

Dan Holbrook - chair council
Ray Harrell - student government
Mike McGuffey - institutional research
Carol Hurula - staff council
David Steele - Athletics
Mary Ellen Heuton - budget office
Shane Tomblin - faculty senate
Chuck Somerville - deans council
Stephen Kopp - president
Gayle Ormiston - provost

Mary Ellen - most immediate goal is tuition and fee schedule that will have to be approved by the BOG; budget documents provided include draft budget plus three tuition options;

S. Kopp - note that there is a \$1.5M input into the budget from university investments; given that investment limit is going up to \$60M (maximum), we think this is within acceptable risk to cover part of the budget deficit for the short term; draft budget with increased expenditures and cut in state budget leaves a deficit of \$6.8 M

Shane Tomblin - asked what are other new sources of revenue beside tuition increase and new revenue generating programs; response in part - increase in foundation accounts (private support) and increase in transfer of funds from foundation to university (need around \$30M per year to offset loss of state funds); growth in head count; INTO program;

McGuffey on e-courses; money may be being lost from students who are taking 9 hours face to face (paying less than full tuition) and 3 hours of online courses; savings to the in state student is virtually nothing, but out-of-state students who take those courses cost the university significant tuition dollars

CS question - can we charge the same tuition rate, but keep charging per hour above 12 credit hours? State code says that we cannot charge per credit hour for hours above 12 hours; code also says that we cannot charge differential tuition; we can charge program fees, but not a different base tuition;

Last year's enrollment target was missed largely because a drop in out-of-state students; students nationally are staying closer to home; even if tuition is low, it is still more expensive for students to live away from home

There may be some funds left over from classroom renovations that can be applied toward the budget deficit; president is waiting for a report on status of upgrades

President indicated that fee increases are not counted against the 5% tuition cap of the university

We now think that it may be legal to move away from National Travel as a sole source;

CS question - can we renegotiate the bookstore/food court contracts to increase revenue to campus? food court is in second or third year of a 10 year contract; bookstore is probably not able to bring more money to the table (small margins)

CS question - can we ask term positions to teach a higher load than tenure-track faculty? If so, what amount of savings would the university see from that? It is something to consider.

CS question - if all departments take a 10% cut in operating budgets, what does that mean to the budget deficit; would mean approximately \$1 M in savings toward the current projected deficit;

CS question - can we increase the rate of return on investment of the funded depreciation funds? University is getting over 4% return currently; if we can budget for a 5 year window, we can probably increase returns by being a bit more aggressive

DH question - where is the tipping point at which a tuition increase will decrease head count significantly; we are now at about a 13% default rate (will probably drop some); about 44% of our students are on Pell Grants indicating significant need

CS question - what would the affect be to the university of a change in indirect cost distribution from 50% to college to 45% to college with additional 5% going to the university pool

For next meeting - come with input from constituents on what is acceptable to put on the table

Major question for the group - how do we cover the projected deficit?