

**REPORT: CHANCELLOR'S PLANNING & BUDGET ADVISORY COMMITTEE
AP STAFF COUNCIL MEETING
[MEETING: February 25, 2013]**

MEETING

On February 25, 2013, the Chancellor's Planning and Budget Advisory Committee met in the Balcony Conference Room in Anthony Hall.

AGENDA AND DISCUSSION

- A. Approval of Minutes from February 25, 2012
- B. Chancellor's Updates
 1. Board of Trustees. The Chancellor stated several important items are going to be brought up at upcoming BOT Meeting on February 28 in Edwardsville.
 - a. Tuition Fees. SIUC is seeking approximately 5% tuition increases, and four fee increases. The four student fee increases were for: (1) Insurance increase, (2) Student Activity Fee, (3) Athletics Fee, (3) Information Technology Fee, and (4) Facilities Maintenance Fee. The combination of tuition and fee increases would net an overall increase of approximately 4.21%. In addition, there will be a 4.3% increase in room and board expenses.
 - b. Strategic Plan Endorsement
 - c. Construction Projects. Among construction approvals being sought include: (1) Planning and architecture approval for two housing units--possibly one in 2015 and one in 2016, or two in 2016, (2) Repaving of Lincoln Drive picking up in front of the Student Center, (3) Furniture for the new Student Services Building, (4) Electrical easements, (5) School of Medicine items, (6) Printing and binding machine, (7) and two administrative hires.
 2. Campus Food Service/ Catering/Concessions. The University plans to split the service into different two different areas to meet students' preferences. An approved catering list will be compiled in Procurement Services. Area vendors will be allowed to participate in catering events on campus. Local vendors have been asked to register for the list and prepare paperwork to prepare for placement on the approved catering list. The Student Center will work on dining contracts and events at the Student Center. In addition, the University is investigating offering liquor in the concession stands and on campus. They see it as a huge revenue opportunity for the campus.
 3. Student Success Collaborative. The University has joined a consortium of schools in Indiana and Illinois. The consortium has a research arm that performs research in several areas. They have also done a series on university "best practices." They believe this collaboration will be a tool for advisors in predictive analytics. It will help advisors help students progress toward course and degree success. It was also noted that 29 of the 39 students offered full scholarships have already completed housing contracts.

4. Graduate Assistantship Budgets. The Provost reported that there has been some concern raised about a cut in Graduate Assistantship budgets. He emphasized that Graduate Assistantship budgets will be the same as last year, and departments need to move forward with offering contracts.
 5. Hiring Freeze Procedure. The University will be reviewing grant hires. Such positions as Civil Service office support and Lab Technicians will likely be most impacted. The University does not want to lay people off state funds and hire with grant funds. However this might not work with some positions, because some grants are very unique.
 6. Admission Applications. Admission applications are up. Freshman housing contracts are up. Freshman orientation numbers are up. All good indicators for new undergraduates. Graduate enrollments are down. Transfer students are not up. International doctoral students are down approximately 20%, and International master's students are also down. The University is attempting to work more closely with community colleges to provide information about SIUC to students earning AS degrees. All but one community college has agreed to assist.
- C. Strategic Plan Launch. A launch is anticipated sometime in April, possibly near April 22 in conjunction with the visit from the Higher Learning Commission.
- D. FY14 Budget Development/Performance Funds
1. FY13 Budget Reappraisal (state and non-state). The administration is not going to require a budget reappraisal this year. However, they will accept adjustments at any time throughout the year.
 2. For FY13, the state still owes \$101.39M. Currently, SIUC only has approximately \$1.3M in state funding to spend, and the SOM has approximately \$12.5 left to spend in FY13.
 3. FY14 budget development for local budgets will take place in April.
 4. FY14 State budget reduction is uncertain at this time. There is approximately a \$4.8M reduction planned for SIUC, and \$1.8M for SOM.
 5. The 5% tuition increase will generate approximately \$1.7M in new revenue (if enrollment is level). Will be small impact on overall budget.
 6. It is anticipated that the State will implement a pension cost sharing. The State's goal is to have the universities' assume 12% pension costs by phasing-in one-half of a percent each year. That will cost the University approximately \$650,000/year.
 7. It is unsure how the Federal Sequestration will impact the University. The most likely impact will be on research grants.
 8. Alan Karnes discussed the new performance funding model that State will be using to distribute funds. With the formula, SIUC had the worst result, showing a 4.69% reduction. Several of the variables used included bachelor's degrees awarded,

completions, time to completion, and other similar measures. SIUC's numbers will continue to go down until enrollment goes up. Karnes also pointed out that SIUC is unfairly penalized due to our large number of low income and minority students who traditionally don't do well when looking at the measures mentioned above. Karnes mentioned that the State did introduce a scaling factor that was an attempt at equalizing such factors, but it didn't provide much of an adjustment. Institutions with the goal of accessibility were penalized. The formula is skewed toward institutions that enroll a better-prepared student population and students who don't need as much support.

9. In FY14, the University plans to maintain the salary sweep at the non-academic level. However, the Colleges will have the ability to manage their own salary resources starting July 1, 2013 (FY14). The intent is to help Colleges manage costs. Funds will stay in the College, except for the Provost's rule that whenever a position becomes vacant, 10% of the position funding must go back to the Provost. The remainder can stay in the College to be used for other OTS needs. If a new hire is intended, the Colleges will still have to submit a position request. This will save much work effort in the Provost's Office.

E. Subcommittee Status Reports

1. 5-10-15 Rule. The Committee has decided that rather than strictly follow the 5-10-15 rule, there are other considerations that need to be addressed when cancelling courses. Some courses considered part of a faculty work load when cancelled, might not necessarily save funding, because the faculty member must still be paid. The Committee is considering implementing a model using a few factors such as credit hour generation and fiscal health. Units exceeding the threshold would continue to manage their courses. Departments that don't meet the threshold would have to provide justification and a plan of remediation. This would help to identify the underperforming units and help direct staff and resources toward more efficient use.
2. Budget Efficiencies. The University is reviewing non-academic areas for efficiencies and identify revenue-generating opportunities. The Chancellor has decided to use the same budget model for generating budget reductions for next year, using the 70/30 split. Previous recommendations for changing this model to incorporate other factors such as retention, 4-year enrollments records, etc. will NOT be considered. Faculty have again raised the question regarding the overhead distribution and the fairness for the "administrative tax" on overhead receipts.
3. Complimentary Practices. The Provost will be starting to evaluate programs based on such factors as graduation numbers, head counts, and costs. There have been discussions about academic efficiencies. Some of the topics and discussions are posted on the Provost's website. The Provost is planning to put together several task forces to tackle these issues. Some of the discussions include new program development, mergers of programs, reorganization of administrative units, collaboration on research, removing duplication of statistics and processes classes, engineering, biological sciences and management. These discussions will be facilitated by Deans and led by faculty. The Provost is going to push for plans in each of the areas by the end of the semester.
4. Higher Learning Commission [HLC]. The HLC is going to tighten-up on syllabus requirements. Currently, there is no mechanism in place to make sure we have everything required in the documents. The Provost is going to ask Deans to collect and put all the syllabus on the website for students and advisors. One suggestion

was to link the syllabus to the course catalog. If each College will provide the electronic document to one office, they may be able to link it in the future.

F. Other Business

1. February 28 BOT Meeting
2. Several Open house events are planned. The "Admit" days are new and intended to sell the campus and increase enrollments.
3. March 6, 2013 President Poshard State of the University address
4. Authors Day, April 10
5. Research Town Hall, April 16
6. Excellence Awards, April 24
7. HLC Visit, April 22-23
8. Honors Day, April 14.

G. Adjourn. With no other business, the meeting was adjourned at approximately 4:35PM

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AGENDA AND DISCUSSION

H. Approval of Minutes from February 25, 2012

I. Chancellor's Updates

1. Budget Hearings. State appropriation budget does not look promising. Possible 5% decline.
2. Pension Reform Discussions Continuing. All proposed bills have different components. Issues included in bills address issues such as cost of living adjustments and increased pay-ins from institutions. The Universities are preparing for additional pay-ins. They have asked for these amounts to be implemented in small percentages over several years.
3. Performance Funding for Budget Cuts. As discussed in previous meetings, the state wants to implement some budget cuts based on a performance funding model. Because of some of the different components of the model, SIU is penalized in some areas.
4. Federal Sequestration. The federal mandate is starting to impact SIUC in some ways. Veteran funding has been decreased. Although the Universities have asked for restoration of this funding which may occur, they will take losses in some other research funding areas which will likely offset each other. Funding for the air traffic control tower at the airport is going to be slashed. And Head Start will lose some funding (possible decrease of 5%)
5. Fall Enrollment. All indicators (completed housing contracts, applications, admits, etc.) point to an increased enrollment for the Fall semester. In addition, the admit profile looks good. Students have higher GPAs, SAT and ACT scores. In addition, we have been more aggressive in going after the top southern Illinois students. Positive advertising has been key.
6. Activities. There are several activities approaching: orientations, new student programs, and other traditional activities.

J. FY14 Budget Development – state and local [Judy Marshall]

1. FY13 State Appropriation Mix. Marshall explained that the state's portion of funding continues to drop. She noted that in FY13, the budget mix has included 48% state appropriation and 52% tuition revenue. For FY14, it is projected that the state's portion will drop to 46%, with a 54% tuition revenue. In Fall 2007, the tuition rate per credit hour was \$211.60. The new student rate has increased 28.69% to \$272.30 since spring 2008.

2. Non-State Original Budgets. The non-state budget process will be handed down by unit to each College this year, and the submission deadline will be toward the end of April. They have changed the format this year, and would like good estimates for revenue and expenditures.
3. Tuition Revenue. They are hoping the BOT will approve the planned increase in tuition for next year which will help increase revenues.
4. Sequestration. Marshall provided a handout that basically reviewed some of the items previously mentioned by the Chancellor.
5. Credit Rating. The University credit rating has again decreased.

K. Other Cost Containment Measures

1. College Reorganizations. There is currently some administrative reorganizations going on in Colleges that will save some costs.
2. Distance Education. Distance education is going to help offset some of the budget cuts with the new revenues it is bringing in.
3. Summer School. Summer School is going to be reorganized similar to the way distance education is organized. It will likely involve distribution of funds back to the Colleges.
4. Other Savings. It has been suggested by someone in the University community that instead of University mail being sent first class as a default, perhaps we should consider sending mail third class where appropriate. Units might want to coordinate that effort with Mail Services and/or other units.
5. Common Reader. It was also suggested by the Chancellor that units should try to coordinate efforts on consolidating events and lecture series events.
6. MPA Grant Writing. Students in the MPA program are trained to write grants. It has been suggested that rather than hire people to write grants that perhaps these students can assist with writing grants, or that MPA interns be used around campus to write and generate grants.
7. Furloughs. The questions was raised about such cost saving measures as furloughs. It was communicated that furloughs could be on the table this year. It would not be a state-wide initiative, but could be something done at the University level.
8. Revenues. Revenue generation is becoming more important. Distance education is going to help generate new revenues.
9. Salary Increase. Some asked if we are locked into providing a salary increase this year. The Chancellor stated we would have to re-bargain with the unions to stop the increases. Several faculty and staff have indicated they would rather forego salary increases rather than let people go with the budget cuts.
10. Woody Hall. Someone asked if Woody Hall is going to be decommissioned. The Chancellor indicated that other areas will move into Woody Hall such as Information Technology. She also said that eventually, the University will start tearing down some of the older houses along Elizabeth. She also mentioned that the maintenance associated with the Carterville buildings is minimal.

L. Summer Session

1. The Provost indicated that summer school enrollment declined by 9% last year, and they are expecting another large decline this year. As a result, they are recommending some changes to the way summer school is handled.
 - a. One recommendation is to make summer a part of retention by requiring part of the student's curriculum requirements for graduation to be taught and taken in the summer. Key classes needed for degree completion could be offered in the summer.

- b. Adviser involvement is going to be very important as well. The University is looking into advertising it more heavily as well. They would like to offer more in the way of classes to be offered.
- c. The Provost indicated it will be very important to put someone in charge of summer school to direct all activities. He stated they are hoping to move toward an open campus model. They hope to bring in youth starters (or early starters) as well as professional development enrollments. They are going to rework the administrative structure for summer school or perhaps a cost recovery model in place similar to the distance education model). This will not take place this summer, but the target date will be summer 2014. Other areas being explored include targeting people who only need a few hours to finish their degree; and "credit by exam" by testing out of courses and charging fees. This will be announced to the faculty this spring, so they will know it will look differently for next summer. This new entrepreneurial focus for summer should generate new monies for the campus. One of the challenges will be to determine if financial aid sources support summer school.

M. Subcommittee Status Reports

- 1. 5-10-15 Rule. This committee is still finalizing data and analyzing the correlations between revenues and expenses.
- 2. Budget Efficiencies [Jake Baggett].
 - a. Jake reported that they have finished looking at the reports submitted last year they collected for non-state accounts. He stated we do have some non-state accounts producing revenues from entrepreneurial activities.
 - b. They will be instituting some type of indirect costs/overhead costs for these accounts. The revenues will continue to go back to the departments/units. However, these units need to realize that the University is subsidizing their activities, and thus an indirect cost should be collected to offset that subsidization.
- 3. Complimentary Practices
 - a. The Provost stated they have been studying redundancies of teaching and hoping to eliminate those redundancies with better collaboration and coordination. For example, the University has identified some of the following redundancies:
 - 1. Several departments teaching statistics and research methods courses
 - 2. Mining and Engineering; and Civil Engineering
 - 3. Computer Science; and Computer Engineering
 - 4. Certificate program in the Library
 - 5. Informatics (Science/MCMA/CASA) tied together with the areas of information management and technology.
 - 6. The Provost indicated he believes the savings could be several hundreds of thousands each year.

N. Closing Items

- 1. Chancellor. The Chancellor feels we will survive these challenges. There are some good news stories around campus. Continuing Education is blossoming. Distance education is growing.
- 2. Report from Information Technology [David Crain]
 - a. The plan to centralize IT across campus will take place on July 1.
 - b. This is a major paradigm change in how to fund IT from what the campus is used to now.

- c. IT will be centralized and services standardized.
- d. IT Charges. With the change will come a standard charge for the use of all computing equipment on campus. Starting July 1, there will be a \$50 charge per month for every “knowledge worker” on campus; and a \$25 charge per month for “non-knowledge workers.” These recurring monthly charges will includes costs for such things are file service account, every port, every email account, etc. It will cover voicemail and dial tone, data services, all cloud services, email accounts and desktop computer replacement). This is starting to take hold around the nation. After analyzing all these items, he said he computed the average for all these to actually be \$120 per user per month. He does not feel the \$50/\$25 charge is out of line. He indicated another university is charging \$54. He said this move will produce huge long-term savings for the University.

O. Adjourn