

**REPORT: CHANCELLOR'S PLANNING & BUDGET ADVISORY COMMITTEE**  
**AP STAFF COUNCIL MEETING**  
**[MEETING: October 28, 2013]**

**MEETING**

On October 28, 2013 at 3:11pm, 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 September 23, 2013
- B. Chancellor's Updates
1. Halloween. Uneventful to date.
  2. Halloween Pops.
  3. Dawgs Night Out is planned to be held in the Student Center again this year.
  4. Ragtime performance this weekend to benefit Chancellor's Scholarship fund.
  5. Women's basketball game.
  6. Open House this Saturday.
  7. Technology Expo at the Research Park this Friday.
  8. Homecoming this weekend. The opening of the New Student Services Building is planned as part of Homecoming activities. Chancellor has received several nice comments about campus beautification efforts.
  9. Physical Plant is completing classroom updates this fall.
  10. Morris Library renovation of 6<sup>th</sup> and 7<sup>th</sup> floor proceeding.
  11. Pulliam Hall renovation progressing.
  12. The BOT approved \$30 bond to secure contracts to upgrade the University's electrical, plumbing and windows (energy-related renovations).
  13. Student Services Building moves should be completed before Thanksgiving.
  14. Woody Hall has staff moving into the building now.
  15. MCMA Building renovation moving forward. Received \$5M for planning.
  16. Student Center food contracts proceeding. Coming ,... Chick Fila, Sabarro, Subway.
  17. Chancellor's Health and Wellness Walk on Friday.
- C. Strategy for Budget Reductions
1. FY15 Budgetary Discussions. Allan Karnes and Chancellor are meeting at the state level. They continue to enlighten officials on the flaws in the formula in hopes they will correct the formula to be more reflective of the purpose of institutions focusing on accessible education.

2. **Performance Funding.** The funding formula disadvantages universities with medical schools and high risk and high (financial) need students. However, the state has addressed this issue somewhat with a carve-out to address the issue. However, this small carve-out will not offset the other factors in the model that drives up our funding cut. The benefactors of the current performance funding model are institutions like UI and Illinois who have students with higher ACT scores, higher family incomes, and a small percentage of underrepresented students. The Chancellor said she was success in helping alter the factor for "Time to Degree/% of Degrees Completed. The state will now look at a 6-year degree cycle, as well as using a cumulative 24 credit completion when determining a "first year" student. The performance funding formula will be used again next year. Currently, only .005 of our budget is being determined by the performance model. It is expected that percentage will increase next year, which could lead to significant budget reductions in the future.
3. **FY14 Budget Reduction.** The budget redistribution formula was presented. The formula was used to distribute \$800,000 in anticipated FY14 budget reduction. Two handouts were distributed (see attached).
  - a. **Normalizing factor.** There was discussion regarding the change in the factor used to determine the weighting for "Total Incoming Undergraduates" (on and off campus). Previously, the factor that was used was determined from the change in the total incoming undergraduate students between Fall 12 and Fall 13. The total change amounted to 8. However, this led to some positive and negative numbers in the equation. With such a small denominator, this caused a significant swing in the numbers. As a result, the committed decided to use "normalizing factor" in order to reduce the impact on a few colleges that were hugely impacted. (i.e. College of Education & Human Resources and College of Liberal Arts). By using the normalizing factor, it helped reduce the drastic impact to those colleges. When questions arose as to why the committee felt it necessary to alter the formula after the previous CPBC Meeting, the Chancellor explained this practice was used to minimize the impact to some of the colleges, and is a tactic often used in business and considered good management. She also explained that sometimes the entire University has to share the burden of helping to subsidize struggling areas who need support. 30% of the formula was weighted for increasing new students to campus to provide an incentive to colleges for growing student enrollment and the hope is those students will be retained through graduation.
  - b. **Discussion change in new Undergraduate Student Enrollment.** Discussion took place regarding the use of head count in comparison to actual student FTE. This might more truly incentivize growth.
  - c. The Chancellor mentioned that she hopes we are giving up state funding in exchange for increases in non-state funding. And she encourages the growth of non-state funding revenues.
  - d. The cuts will be communicated to the College within the next few days, and the Chancellor expects they will be entered in the system by November 15.

- e. FY15 Planning. The Chancellor mentioned she may ask the Deans to prepare a plan for 0/5/10 percent cuts.
  - f. Committee. Members of the committee included: Allan Karnes, Mark Scally, Judy Marshall, Cheryl Reinhardt, and John Warwick.
4. Retention. The Chancellor also mentioned that in the next year, she will attack retention with the same energy that she has previously attached enrollment. One question she is asking is, "Why are our students leaving?" They will be hiring a consulting firm to investigate. According to preliminary information, the following reasons have already been identified.
- a. Homesick
  - b. The change in the 2012 Financial Aid rules has directly impacted students the most. The average debt of students who didn't come back last year was over \$6,500.

#### D. Overview of Responsibility Centered Management

- 1. Judy Marshall provided a handout on the concept of RCM. Traditional budgeting models provide a traditional "top-down" flow of funding through central administration. RCM provides funding flows directly to the colleges which in turn pays costs allocations to administrative units, as well as a subvention tax that helps to fund initiatives that cannot manage on their own but which benefit the entire University (arts, humanities, special programs, etc.). She explained that SIUC is adopting a hybrid approach to RCM.
- 2. Financial Statement. The University is looking at creating a financial statement report for each college. This may be going out to the colleges soon.

#### E. Strategic Plan.

- 1. Matt Baughman has hired some to help with the measurements for the strategic plan. The first phase will include lots of research and data acquisition. They are investigating benchmarks and dashboards to track progress over a number of years. It will include both quantitative and qualitative measurements. However, it will likely focus on a more qualitative metric base. The plan is to make this process more transparent and to use it as a communications tool.

#### F. Human Resources Committee

- 1. The Chancellor will be forming a Human Resources Committee with the goal of improving the workflow for human resources paperwork and processes. They hope to eliminate error and waste. She has asked the following people to serve on the committee: Kevin Bame, John Warwick, Judy Marshall (Chair), John Aarons (for David Crain), Matt Baughman, and Michele Rushing.

2. **Internal Charges.** The Chancellor would like to look at the process for internal charges. There may be opportunities to make changes to these process. (PSO, Telephone Services, Transfer Vouchers, etc.)

G. **Other Business**

H. **Adjourn at 4:23pm**

FISCAL YEAR 14

Analysis Using Headcount of All Incoming Undergraduate Students and Total On Campus Credit Hours  
Fall Semester - 10 day count

Dist. gain pain according to this #.  
changed from usig 8  
to total # of incoming UG  
in fall 2012  
3,929  
(Head count).

	Total Incoming Undergrads. - On & Off Campus			Total Credit Hours - On Campus			% of Change
	Fall 12	Fall 13	Change	Fall 12	Fall 13	Change	
Agriculture	263	267	4	9,990	9,501	-489	-0.3%
Applied Sciences and Arts	640	682	42	18,769	18,539	-230	-0.1%
Business	348	397	49	12,770	11,303	-1,467	-0.8%
Education & Human Services	700	577	-123	25,046	23,656	-1,390	-0.7%
Engineering	338	375	37	9,818	10,338	520	0.3%
Liberal Arts	783	807	24	71,082	68,886	-2,196	-1.2%
Mass Comm. & Media Art	224	223	-1	6,982	6,561	-421	-0.2%
Science	633	609	-24	32,279	31,830	-449	-0.2%
<b>Checks</b>	<b>3,929</b>	<b>3,937</b>	<b>8</b>	<b>186,736</b>	<b>180,614</b>	<b>-6,122</b>	<b>-3.28%</b>
			<b>0.20%</b>				<b>-3.39%</b>

Allocation:

	Incoming Students			Credit Hours			Total Normalized Weighted Score
	Score	Weight	Weighted Score	Score	Weight	Weighted Score	
Agriculture	0.1%	0.3	0.03%	-0.3%	0.7	-0.18%	6.84%
Applied Sciences and Arts	1.1%	0.3	0.32%	-0.1%	0.7	-0.09%	-10.50%
Business	1.2%	0.3	0.37%	-0.8%	0.7	-0.55%	7.87%
Education & Human Services	-3.1%	0.3	-0.94%	-0.7%	0.7	-0.52%	65.37%
Engineering	0.9%	0.3	0.28%	0.3%	0.7	0.19%	-21.37%
Liberal Arts	0.6%	0.3	0.18%	-1.2%	0.7	-0.82%	28.65%
Mass Comm. & Media Art	0.0%	0.3	-0.01%	-0.2%	0.7	-0.16%	7.41%
Science	-0.6%	0.3	-0.18%	-0.2%	0.7	-0.17%	15.74%
<b>Checks</b>	<b>0.2%</b>		<b>0.06%</b>	<b>-3.3%</b>		<b>-2.29%</b>	<b>100.00%</b>

Change relative to the total.  
Used Same total.  
Only Changed Normalizing Value

300 Incoming Students.  
700 Total on Campus  
Credit hours  
w/o Distance Education

	FY 14 Base Budget (no DE or LAC fees)	Share of Budget
Required FY 14 Budget Adjustments:		
Agriculture	\$ (54,711)	-0.94%
Applied Sciences and Arts	83,975	0.96%
Business	(62,954)	-0.91%
Education & Human Services	(522,965)	-4.86%
Engineering	170,991	1.94%
Liberal Arts	(229,189)	-0.84%
Mass Comm. & Media Art	(59,255)	-0.96%
Science	(125,910)	-0.89%
<b>TOTAL ADJUSTMENTS</b>	<b>\$ (800,018)</b>	<b>-0.90%</b>

Required Total Redistribution \$ 800,018

Notes:  
Incoming = new, transfer and readmits headcount

Does NOT include LAC or distance Ed (State Funds only)

Summary of FY2014 State Budget Strategy

Oct. 28, 2013

	Chancellor	Provost and VC for Academic Affairs	VC for Admin. and Finance	VC Develop. & Alumni	VC Research	Athletics	Economic Develop.	TOTAL
FY14 Base Budget	\$13,245,508	\$159,136,384	\$34,963,830	\$3,127,953	\$5,973,573	\$1,773,217	\$560,935	\$218,781,400
Share of Base Budget	6.05%	72.74%	15.98%	1.43%	2.73%	0.81%	0.26%	100.00%

FY14 Budget Needs:

Salary commitments	\$ (55,301)	\$ (2,270,935)	\$ (138,940)	\$ (45,659)	\$ (94,026)	\$ (24,583)	\$ (5,160)	\$ (2,634,604)
Additional reduction:	(113,632)	(1,365,212)	(299,951)	(26,834)	(51,247)	(15,212)	(4,812)	(1,876,900)
Total Needs	(168,933)	(3,636,147)	(438,891)	(72,493)	(145,273)	(39,795)	(9,972)	(4,511,504)

Mitigating factors:

Group Health insurance	6,924	25,877	16,069	3,622	4,057	3,670	4,650	64,869
USE auxiliaries	112,581	367,217	278,810					758,608
Adjustment to contingency	33,700	172,100	27,500	4,000	10,000	2,100		249,400

Total required redistribution

after mitigating factors	\$ (15,728)	\$ (3,070,953)	\$ (116,512)	\$ (64,871)	\$ (131,216)	\$ (34,025)	\$ (5,322)	\$ (3,438,627)
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Enrollment factor:

Agriculture	\$ -	\$ (54,711)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (54,711)
Applied Sciences & Arts		83,975						83,975
Business		(62,954)						(62,954)
Education & Human Svcs.		(522,965)						(522,965)
Engineering		170,991						170,991
Liberal Arts		(229,189)						(229,189)
Mass Communication		(59,255)						(59,255)
Science		(125,910)						(125,910)

Total Enrollment Factor

	\$ -	\$ (800,018)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (800,018)
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Required Redistribution after

enrollment factor	\$ (15,728)	\$ (2,270,935)	\$ (116,512)	\$ (64,871)	\$ (131,216)	\$ (34,025)	\$ (5,322)	\$ (2,638,609)
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--- \$1m Needs Shareholder  
 BSD New Bldg  
 450 Other Cost Inc.  
 76 Performance  
 1,876,900 Funds Release

- 1) Salary commitments represent FY14 transfers from central account to units.
- 2) Enrollment factor based on allocation metrics of 70% credit hour generation and 30% incoming students, Fall 2013 compared to Fall 2012.
- 3) Salary reserve balances may be used to offset the required adjustment at the discretion of the Chancellor and Vice Chancellors.
- 4) Colleges may elect to use Distance Education carryforward funds to mitigate a portion of any required redistribution.