**Faculty Senate Budget Committee Minutes**

**October 24, 2019, 2 p.m.**

**Memorial Union, Meinecke Board Room**

Present: D. Miller (Chair), K. Grafton (Provost), N. Dochtermann, S. Zhong, S. David, M. Petersen, J. Glower, C. Cwiak, C. Hawley (for M.Secor-Turner).

Guests: Bruce Bollinger and Cynthia Rott from Business and Finance

Committee members asked questions of the Provost and Finance Office, with the following answers or points brought up:

Budget cuts have now occurred for 4 years in a row – in FY2016 the State pulled back $6.4 million in funding mid-year, in 2017 the legislature reduced general funds by $27.8 million for the 2017-19 biennium (~$13.9 million annually), in 2018 enrollment declines dropped revenue by about $6 million, and in 2019 another enrollment decline again drops our revenue by about $5.5 million. The future could see additional enrollment declines, and also lower enrollment reduces credit hour production, which reduces future biennial state general funds based on a formula. Thus we should expect continued revenue reductions for at least 2 more years.

In response to the above, the Provost asked all Deans to do a 90% budget planning exercise (which could potentially generate about $9 million in savings). Not all suggested cuts from the exercise will necessarily be implemented this year or ever, but the exercise will force Deans and departments to think strategically and prepare us for the future as well. In the late summer, the Provost had verbally informed the Deans during their meeting that, if the enrollment was lower than initially predicted, he would ask for a 10% budget exercise to get ideas. Cuts that are actually implemented will be permanent reductions. At the same time, some funds may be redirected to ideas that generate future enrollment increase. The Provost will consult with the Faculty Senate Budget Committee and the Faculty Senate EC regarding cuts and prioritization and both groups will also review final cuts. The present budget deficit must be resolved by end of fiscal year (June 30).

Tuition accounts for about 61% of all appropriated funds, with state dollars making up the rest. Academic Affairs makes up 68% of the University appropriated budget, and ~73% of Academic Affairs budget is in salaries.

If Deans are aware of the submitted VSIP requests, they can be factored into the budget cuts submitted. However, the VSIP process is structured to be initiated by the faculty member and Deans may not be aware of requests until the deadline for application. They also do not create immediate savings in spending.

Non-academic areas like athletics, student affairs, and finance are also preparing for budget cuts. Athletics has been asked to plan for a 10% reduction in all local and appropriated funds (most of their budget comes from non-appropriated money).

We are required by the state to keep a reserve fund of 5-7% of the appropriated budget and cannot go below 5% at the end of a fiscal year. The reserve is currently at 7% of annual appropriated revenue (~ $11.8 million), thus the reserve cannot bail us out of the problems. It is also needed as a float to cover short-term spending over the fiscal year.

Constant inflation in fixed costs, including salary fringe benefits and health insurance, always eats into our budget as well (the state covers increased salary, etc. from the general funds but not from tuition dollars). Thus the University actually needs to grow enrollment just to maintain current levels of spending.

Preventing a further slide in enrollment will require us to be creative in realigning course and major offerings and developing new programs. Areas such as transfer students, international students, and online coursework are some of the areas in which strategies are being developed to increase credit hours.

The state’s Legacy Fund is very large and state legislators are presently looking for suggestions on how to use it. We could be in touch with legislators with any ideas we have for supporting higher education, such as using the fund to reduce tuition, which would make education more affordable and also help increase enrollment.

A committee member suggested more communication from President Bresciani about budget issues to the full faculty may be helpful to be sure everyone has accurate and up-to-date information.

Next meeting is scheduled for December 12, although additional meetings can be called if necessary.

Respectfully submitted,

Don Miller