

# Budget Advisory Committee Minutes

## September 23, 2016

The RSU Budget Advisory Committee held a meeting September 23, 2016, in the OMA Conference Room in Meyer Hall beginning at 9:00 a.m.

**Members Present:** Tom Volturo (Chair), Brian Reeves, Keith Martin, Jerry Bowen, Karl Reynolds, Mark Meadors, Brent Marsh, Maynard Phillips, Susan Willis, Heidi Hoskinson, Mary Van Diest, Steve Housel, Eddie Jackson, Autumn Fourkiller

**Members Absent:** Richard Beck

**Others Present:** Mary Millikin, David Hamby, Claudia Story, Staff Support

### CALL TO ORDER

Chair Volturo called the meeting to order at 9:00 a.m.

### STRATEGIC PLAN INITIATIVES

In an effort to align the Budget with the Strategic Plan, Chair Volturo requested Dr. Millikin present an overview of the RSU 2016-2021 Strategic Plan to the committee. Dr. Millikin presented a draft of the Strategic Plan which identifies the top initiatives as (1) elimination of furloughs, (2) implementation of a compensation plan, and (3) enhancement of the freshman year experience. Chair Volturo stated project costs and funding sources for the initiatives need to be identified.

### BUDGET SURVEY

Chair Volturo addressed the committee regarding the Budget Survey the University is required to submit to the State Regents each year. The costs and funding sources associated with the initiatives in the Strategic Plan will need to be identified. Mr. Meadors proposed the following budgets for the initiatives to be included in the report:

- Mandatory Costs - \$500,000
- Furloughs - \$730,000
- Compensation Plan - \$480,000
- Freshman Experience - \$100,000

Dr. Marsh inquired if there are any items previously cut from the budget which need to be added back. Mr. Volturo recommended restoring the faculty and staff positions cut which resulted in the elimination of class sections.

Dr. Marsh inquired if the additional costs associated with the new FLSA regulations should be included in the survey. Mr. Meadors said this will be included under the Mandatory Costs in the report. NOTE: Subsequent to the meeting and prior to completing the State Regents Budget Survey, an additional \$100,000 was added to Mandatory Costs to cover this matter.

The Budget Survey is due on Friday, September 30, 2016. Due to the short time frame, Mr. Meadors will correspond by email with committee members regarding specifics to be included in the report.

## **COMMITTEE MEMBERS' COMMENTS**

Dr. Bowen handed out email correspondence he received from Dr. Blakely regarding the mandatory furloughs. The committee agreed to table discussion until the next meeting, allowing members time to read the handout.

Ms. Hoskinson inquired if the committee should resurrect the subcommittees. Chair Volturo said there was no longer a need for the Computer & Copiers Committee or the Campus Police Committee.

The committee discussed the needs of the auditorium and Dr. Martin stated the university will incur costs in the next 2 or 3 years for the auditorium to remain functional. Issues include fire safety, ADA compliance, safety, and functionality. Mr. Phillips requested a list of costs associated with the necessary upgrades.

## **ADJOURNMENT**

The meeting was adjourned at 10:30 a.m.

# Budget Advisory Committee Minutes

## January 27, 2017

The RSU Budget Advisory Committee held a meeting January 27, 2017, in the OMA Conference Room in Meyer Hall beginning at 10 a.m.

**Members Present:** Tom Volturo (Chair), Brian Reeves, Keith Martin, Jerry Bowen, Karl Reynolds, Mark Meadors, Brent Marsh, Maynard Phillips, Susan Willis, Heidi Hoskinson, Mary Van Diest, Steve Housel, Richard Beck, Chris Ratcliff

**Members Absent:** Autumn Fourkiller

**Others Present:** Mary Millikin, David Hamby, Sue-Anna Miller, Claudia Story, Staff Support

### CALL TO ORDER

Chair Volturo called the meeting to order at 10:10 a.m. He introduced Chris Ratcliff as a new member, replacing the former athletic director on the committee. Sue-Anna Miller, Assistant Comptroller, was also introduced to the committee.

### APPROVAL OF MINUTES

Dr. Marsh made a motion to approve the minutes of the September 23, 2016 meeting. Dr. Martin seconded. Motion approved by committee.

### STRATEGIC PLAN

Dr. Beck discussed the RSU 2016-2021 Strategic Plan handouts stating the final drafts have been approved for circulation. One document is for internal use and the other is an operational planning template which identified the following top 3 priorities:

1. Eliminate furlough days
2. Consider cost of living raises for faculty and staff
3. Enhance retention and first-year experience program

Dr. Beck suggested the committee use the documents as a guide during budget deliberations.

### FY18 BUDGET SURVEY

Mr. Meadors presented information on the FY 2018 Budget Needs Survey sent to the Regents. He stated the \$500,000 mandatory costs plus the additional \$100,000 listed on page 2 of the minutes from the previous meeting of September 23, 2016 was adjusted to \$626,930 for the report to the Regents, slightly above what was reported in the minutes.

Chair Volturo said the university will likely have an increase in property insurance due to the large amount of claims filed statewide. Some institutions are purchasing insurance to protect against loss of business income.

Mr. Meadors presented a report on comp pay from July – December 2016. If trend continues, the university is looking at approximately \$30,000 gross for comp time, which is a reduction from the previous year of \$50,000. Most

of the hours in some departments went to Jenzabar EX implementation. The report precedes the change in in the FLSA regulations.

### **DISCUSSION FY18 BUDGET**

Chair Volturo shared an article from the Tulsa World which indicated another state revenue failure is likely to be declared in the spring due to an approximate \$900 million shortfall. Fall enrollment is down about 4%, and when combined with spending patterns and the state shortfall declaration, elimination of furloughs at this time would be difficult.

The committee discussed the financial hardships furloughs are creating for employees. Some employees are taking second and even third jobs. Furloughs are also making recruitment and retention of employees more difficult.

To address enrollment barriers and financial aid issues, Ms. Hoskinson is running an analysis to see how the university can provide most students some kind of aid. She is looking into curriculum design, transfer problems, aid restrictions and aid plans.

Chair Volturo said some of the budget cuts previously recommended by the committee have been put back in the budget, citing travel as one of those items. Mr. Meadors said the majority of the cuts from the previous list have been implemented. Mr. Meadors will provide a summary showing what cuts were recommended by the committee last year and which ones have been put back in the budget.

It was suggested that committee members provide ideas for revenue enhancement and cost saving measures to address anticipated reduction in state allocation. Dr. Housel made a motion that all committee members submit suggestions for budget reductions and revenue enhancements to Claudia Story by February 10. Dr. Bowen seconded. Motion approved by committee.

### **BUDGET ADVISORY COMMITTEE SUB-COMMITTEES FOR FY17**

Sub-committees for the year will be decided after budget reduction and revenue enhancements have been identified.

### **COMMITTEE MEMBERS' COMMENTS**

Dr. Marsh informed the committee that participation in the City Rec Center dropped significantly since the \$10/month fee was approved.

Brian Reeves inquired about the TV Station auction. Mr. Volturo stated the 2nd auction has closed and RSU is no longer in consideration. The price offered for RSU station was not sufficient to continue the process.

### **ADJOURNMENT**

Meeting was adjourned at 11:45 a.m.

# Budget Advisory Committee Minutes

## February 24, 2017

The RSU Budget Advisory Committee held a meeting February 24, 2017, in the OMA Conference Room in Meyer Hall beginning at 10 a.m.

**Members Present:** Tom Volturo (Chair), Brian Reeves, Keith Martin, Jerry Bowen, Karl Reynolds, Mark Meadors, Maynard Phillips, Susan Willis, Heidi Hoskinson, Mary Van Diest, Steve Housel, Eddie Jackson, Richard Beck

**Members Absent:** Autumn Fourkiller, Brent Marsh,

**Others Present:** Lisa Martin, Representing Dr. Marsh, Mary Millikin, David Hamby, Claudia Story, Staff Support

### CALL TO ORDER

Chair Volturo called the meeting to order at 10:10 a.m. He introduced Lisa Martin as representing Dr. Marsh in his absence.

### APPROVAL OF MINUTES

Dr. Housel made a motion to approve the minutes of the January 27, 2017 meeting. Dr. Bowen seconded. Motion approved by committee.

### CAPITAL EQUIPMENT SURVEY

Chair Volturo presented information and forms regarding sending a capital equipment survey to all departments to determine the current needs of the institution. A capital equipment survey has not been done for 2 years. The process should take about 2 months. Dr. Beck requested the deadline for recommendations to the President be changed from June 15, 2017 to June 16, 2017. The committee approved moving forward with the process and agreed that the deadlines seemed reasonable.

### MARCH REVENUE SHORTFALL

Chair Volturo provided committee members with copies of information RSU received from the State Regent's office regarding the state revenue shortfall. RSU will receive a .6% annualized General Revenue reduction. This amounts to \$73,176 in actual monthly General Revenue reduction which the University intends to absorb from funds allocated back to the University in September 2016. The information from the State Regent's office is for informational purposes for the committee to share with colleagues.

### FY18 BUDGET ASSUMPTIONS & SCENARIOS

The committee was presented with funding assumptions and scenarios for the FY 18 budget. Mandatory cost increases for FY 18 is estimated at \$626,930. State appropriation reduction scenarios of 5%, 7.5% and 10% were presented amounting to \$577,032, \$865,549 and \$1,154,065 respectively (using \$11,540,652 as a base).

Declines in enrollment for the FY 17 budget were less than projected resulting in more revenue billed than budgeted in the current academic year. This allows for an opportunity to replenish reserves. The committee discussed the importance of not depleting reserves because of the difficulty in building them back up.

Enrollment scenarios were presented showing flat enrollment, a 3% increase, and a 3% decrease. The effects on the budget of a 5%, 7.5% and 9.5% tuition increase were also presented. 3% enrollment growth and 3% enrollment decline were separately combined with the various tuition increase percentages to show how it would impact the budget.

Ms. Hoskinson advised the committee that if tuition were increased 9.5%, enrollment would likely drop by 5%. This would price RSU out of available financial aid and funds from the Foundation and would decrease the number of tuition waivers.

#### **REVENUE ENHANCEMENTS & BUDGET REDUCTIONS**

The committee discussed the list of revenue enhancement and budget reduction suggestions submitted by the committee. The list included approximately 40 revenue enhancement suggestions and 100 budget reduction suggestions.

The committee agreed to eliminate items from the list which are not feasible or have previously been considered or implemented. They also discussed the need to attribute dollars with each of the suggestions.

Chair Volturo requested each member narrow down the suggestions list and submit their top 3 from each category listed under revenue enhancements and budget reductions. Deadline to submit top 3 to Claudia Story was set for March 1, 2017 to allow time to compile and present results for discussion at the next meeting scheduled for March 7 at 3 p.m.

#### **COMMITTEE MEMBERS' COMMENTS**

No additional committee members' comments.

#### **ADJOURNMENT**

Mr. Ratcliff moved to adjourn meeting seconded by Dr. Martin. Motion approved. Meeting adjourned at 12 p.m.

# Budget Advisory Committee Minutes

## March 9, 2017

The RSU Budget Advisory Committee held a meeting March 9, 2017, in the OMA Conference Room in Meyer Hall beginning at 3:00 p.m.

**Members Present:** Tom Volturo (Chair), Brian Reeves, Jerry Bowen, Karl Reynolds, Mark Meadors, Susan Willis, Heidi Hoskinson, Mary Van Diest, Steve Housel, Eddie Jackson, Richard Beck, Autumn Fourkiller, Brent Marsh,

**Members Absent:** Keith Martin, Maynard Phillips

**Others Present:** Mary Millikin, David Hamby, Claudia Story, Staff Support

### CALL TO ORDER

Chair Volturo called the meeting to order at 3:10 p.m. Dr. Beck and Ms. Hoskinson joined the meeting by conference call.

### APPROVAL OF MINUTES

Mr. Ratcliff made a motion to approve the minutes of the February 24, 2017 meeting. Dr. Bowen seconded. Motion approved by committee.

### STATE REGENTS' BUDGET REDUCTION SURVEY

Mr. Meadors distributed drafts of a report he prepared for submission to the State Regents in response to their request for information regarding FY 18 budget reduction scenarios. As requested, the report includes scenarios identifying potential reductions of 10%, 15%, and 20%.

Mr. Meadors stated that because there are no major items to cut at this time and 67% of the budget is salary and benefits, the survey includes elimination of positions to obtain the 10%, 15%, or 20% reduction scenarios. Additional reductions in out-of-state travel, scholarships, and employee benefit programs as well as continuation of the furlough program are included in the scenarios.

The committee discussed the need to evaluate the employee base and identify workloads. The eliminations presented in the scenarios include only the numbers and were not determined by workload.

The committee discussed the negative impact of the drastic reduction scenarios and the need to include in the narrative to the Regents that the University can't do more with less, that the cuts are catastrophic and will result in the degradation in the quality of instruction and ability to achieve the mission the Regents have given the University to graduate more students.

Mr. Reeves made a motion to accept the 3 budget reduction scenarios as presented for submission to the Regents. Mr. Reynolds seconded. Motion approved by committee.

### REVENUE ENHANCEMENTS & BUDGET REDUCTIONS

The committee will discuss this item at the next meeting.

**COMMITTEE MEMBERS' COMMENTS:** There were no additional comments.

**ADJOURNMENT:** Meeting adjourned at 4:50 p.m.

# Budget Advisory Committee Minutes

## March 24, 2017

The RSU Budget Advisory Committee held a meeting March 24, 2017, in the OMA Conference Room in Meyer Hall beginning at 9:00 a.m.

**Members Present:** Tom Volturo (Chair), Brian Reeves, Richard Beck, Brent Marsh, Susan Willis, Heidi Hoskinson, Jerry Bowen, Karl Reynolds, Mark Meadors, Chris Ratcliff, Autumn Fourkiller, Maynard Phillips, Keith Martin

**Members Absent:** Mary Van Diest, Steve Housel

**Others Present:** Mary Millikin, David Hamby, Claudia Story, Staff Support

### CALL TO ORDER

Chair Volturo called the meeting to order at 9:05 a.m.

### APPROVAL OF MINUTES

Dr. Bowen made a motion to approve the minutes of the March 9, 2017 meeting. Dr. Beck seconded. Motion approved by committee.

### RSU-TV PRESENTATION

Royal Aills, General Manager of RSU Public Television, gave a presentation to the committee for consideration of continued University funding of the television station. As the only full-powered public television station licensed to a public university in Oklahoma, RSU Public TV provides educational, cultural and general interest programming to an audience of 1.2 million viewers in northeastern Oklahoma and the Tulsa metropolitan area.

The original 1987 mission of providing educational programming and distance learning as well as training students for jobs in the media industry continues today. The TV station serves as a lab and trains students with hands-on technology training.

RSU Public Television provides in-kind benefits estimated at approximately \$250,200 to the University through primetime sponsorship, general RSU underwriting, RSU basketball broadcasts, RSU athletic spotlights, long distance classes, and production of marketing spots.

Mr. Aills suggested to the committee that the goal should be to grow our way out of the financial problem, not cut our way out of the problem. He presented the committee with information for an on-line portal called *RSU Works* to provide workforce training and economic development certification through the RSU-TV online portal. The training will provide certification and continuing education for 19 different industries. Mr. Aills plans to have the portal up and running by July 2017 and projects a net growth from \$18,100 in 2018 to \$1,122,700 in 2022. RSU-TV will be the exclusive provider of the courses which must be run through a public broadcasting TV station.

Through the FCC Auction, Mr. Aills reports RSU-TV offered a portion of their bandwidth by dropping to a lower channel in exchange for a new transmitter and antenna with replacement costs estimated at \$1.3 million. This change will not affect the station's on-air signal or impact viewers.

The committee discussed the impact of defunding the RSU-TV station. Mr. Aills said defunding of RSU-TV exposes RSU to liability with the FCC with possible fines and loss of license; CPB could ask the entire \$1,339,000 (current and previous year funding) grant be refunded; staff of 8 would be laid off; loss of marketing for the University; loss of potential revenue from *RSU Works*; and loss of underwriting contracts for FY 2017-2018 of approximately \$80,000.

Mr. Phillips made a motion to take elimination of RSU-TV off the table as long as federal funding is still available at the current level. Mr. Reynolds seconded. Motion approved by committee.

#### **REVENUE ENHANCEMENTS AND BUDGET REDUCTIONS**

Mr. Meadors presented the committee with a detailed list of possible position eliminations, operating cost reductions, scholarship reductions, and employee benefit reductions used to produce the 10%, 15%, and 20% budget reduction scenarios submitted to the State Regents in March.

Chair Volturo suggested the committee members review the list and see what positions within their departments can be eliminated or combined and also take a look at different ways of coming up with the budget reduction numbers.

The committee discussed looking at other issues first before eliminating positions. Some possible areas of savings considered were changing insurance from High to Basic for everyone, paying for Basic and establishing a cap for opt-out payment to current rate charged for Basic health insurance. The committee also discussed changing policy to eliminate new employees from receiving opt-out payment and/or reducing current opt-out payments to \$50, \$100 or \$200 per month.

#### **ADJOURNMENT**

Meeting adjourned at 11:55 a.m.

# Budget Advisory Committee Minutes

## April 14, 2017

The RSU Budget Advisory Committee held a meeting April 14, 2017, in the OMA Conference Room in Meyer Hall beginning at 9:00 a.m.

**Members Present:** Tom Volturo (Chair), Brian Reeves, Richard Beck, Brent Marsh, Susan Willis, Heidi Hoskinson, Jerry Bowen, Karl Reynolds, Mark Meadors, Chris Ratcliff, Autumn Fourkiller, Maynard Phillips, Keith Martin, Mary Van Diest, Steve Housel

**Others Present:** Mary Millikin, David Hamby, Sue-Anna Miller, Claudia Story, Staff Support

### CALL TO ORDER

Chair Volturo called the meeting to order at 9:05 a.m.

### APPROVAL OF MINUTES

Dr. Beck made a motion to approve the minutes of the March 24, 2017 meeting. Dr. Bowen seconded. Motion approved by committee.

### DISCUSSION AND ACTION ON REVENUE ENHANCEMENTS AND BUDGET REDUCTIONS

Chair Volturo announced that a faculty/staff meeting has been scheduled for Friday, May 5, 2017, at 11 a.m. to bring everyone up-to-date on the budget situation.

The committee discussed the possibility of a state revenue failure in May or June of this year with budget cuts for FY18 anticipated from 5%-20%. One positive note is the rise in March gross production tax which is tied to Higher Ed appropriations. A negative item is the lack of response from the Legislature on how to cover the Higher Ed debt service.

Chair Volturo stated the need to reverse the downward trend of the HLC financial ratios which can be accomplished by reducing debt, increasing the surplus (reserves), and increasing enrollment. Institutions falling below an established ratio range will prompt a review or possible visit from the HLC.

The committee discussed focusing on the big ticket items such as health benefits and retirement as possible ways to reduce the budget. Chair Volturo said the University may be looking at an 8% increase in health insurance for next year and suggested the committee address that issue when more data is available to share with the committee.

Mr. Meadors presented the committee with a pie chart showing the percentages of the FY 2017 \$33 million E&G Budget by category. Compensation is the largest at 47% of the budget, followed by benefits at 18%, fixed costs at 13%, scholarships at 16%, supplies and materials at 5%, library books and periodicals at 1%, and travel at 1%. Because compensation and benefits comprise 65% of the budget, the committee discussed these two areas may be the best opportunity to significantly reduce the budget.

Dr. Beck presented a spreadsheet to the committee with details of proposed various departmental position changes/reductions in an effort to reduce the budget of departments reporting to Academic Affairs. Combined salary and benefits savings under his proposal total \$720,956. Chair Volturo said other areas on campus have been

requested to prepare similar detailed budget reduction information which should be available to the committee within the next 3 weeks.

Dr. Beck suggested doing a survey of faculty and staff for feedback on budget cuts. Dr. Martin made a motion to take two surveys – one applicable to faculty and one applicable to staff – to obtain feedback on proposed budget cuts. Dr. Willis seconded. Motion approved by committee. Dr. Beck and Dr. Millikin were commissioned to conduct the survey and report the results back to the committee at the next meeting.

Several committee members reported certain areas where they are prepared to reduce the budget within their departments. Dr. Martin requested other departments present to the committee something tangible as Dr. Beck did to show all areas on campus are proposing budget cuts.

## **ADJOURNMENT**

Meeting adjourned at 10:55 a.m.

# Budget Advisory Committee Minutes

## April 21, 2017

The RSU Budget Advisory Committee held a meeting April 21, 2017, in the OMA Conference Room in Meyer Hall beginning at 9:00 a.m.

**Members Present:** Tom Volturo (Chair), Brian Reeves, Richard Beck, Brent Marsh, Susan Willis, Heidi Hoskinson, Jerry Bowen, Karl Reynolds, Mark Meadors, Chris Ratcliff, Maynard Phillips, Keith Martin, Mary Van Diest, Steve Housel

**Members Absent:** Autumn Fourkiller

**Others Present:** Mary Millikin, Claudia Story, Staff Support

### CALL TO ORDER

Chair Volturo called the meeting to order at 9:05 a.m.

### ANNOUNCEMENT

Chair Volturo announced that beginning Tuesday of next week, he and Mr. Meadors will meet with selected departments to discuss and summarize specific departmental budget reductions and issues for discussion at the next meeting.

### RSU FY 18 BUDGET SURVEY RESULTS

Dr. Millikin presented the results of the FY 18 Budget Survey of Faculty and Staff. The survey included 6 global options for faculty with a response rate of 77.9% and 5 options for staff with a response rate of 84.5%. Continuation of furloughs was the most preferred option for both faculty and staff. Reduction in health benefits and position eliminations were almost a tie for next-to-last with reduction in institutional retirement contribution being the least preferred budget reduction option.

Dr. Millikin reported this was a useful process and employee feedback indicated they did not realize the institution was at critical mass regarding the budget. She also reported employees are worried about the University's financial position and want to be assured University leadership cares what happens to employees.

The committee agreed that it would be best for an announcement to come from the President's office thanking everyone for their participation in the survey and announcing the University-wide faculty/staff budget meeting on May 5, 2017, at which time the survey results can be presented along with other budget information.

Chair Volturo requested Dr. Beck, Dr. Millikin, Ms. Hoskinson, Mr. Ratcliff, and Mr. Meadors to be part of a panel on stage to answer any questions from the audience. Mr. Volturo also recommended that the presentation include positive things the University is doing.

### RSU HISTORICAL DATA

Chair Volturo presented the committee with reports which may be included in the May 5th budget presentation to faculty and staff. The following reports were submitted for review and discussion:

- Headcount and FTE History from 2000-2017 – Enrollment was increasing from 2000 to 2012. The last pay raise given was 9 years ago.
- Credit Hours Academic Year/Fall Credit Hours 2002-2016 – Indicates 4 years of decline in credit hours since 2012.
- E&G I Funding FY2000-FY2017 – Shows State Allocation, Tuition, Fees & Grants, Reserves, Total Funds Available, Budget, and Budget as a percent of Total Available. This report reflects periods of growth and decline in appropriations since FY2000. The 2013 Budget is highest at \$35,898,244 and has declined since that time. Mr. Meadors remarked that the Budget as a Percentage of Total Available is important because at the current level (2016-2017) of 94.9%, reserves are being depleted. This percentage should be in the low 90s to avoid depleting reserves.
- Section 13 Offset Funds History FY2001-FY2017 – In the past, the University received \$500,000 a year from the state, but that number has been declining since 2003. The cumulative reduction since that year is \$809,529. The result of this decline makes it difficult to plan and purchase equipment, make repairs, construction or renovations.
- Higher Learning Commission Financial Ratios 2010-2017 – Shows composite financial ratios for 7 years from 2010 to 2016. Dr. Beck stated if the ratios do not improve, the HLC will require the University to provide a specific plan as to how the institution will improve the numbers.

### **COMMITTEE MEMBERS' COMMENTS**

Mr. Phillips announced the members of the RSU Foundation Board of Directors are concerned about the employee furloughs and brought up the possibility of the Foundation raising money for University operational expenses.

Mr. Meadors stated he needs firm budget decisions from the committee by May 19<sup>th</sup> to have time to prepare reports and meet the required state deadlines.

### **ADJOURNMENT**

Dr. Martin made a motion to adjourn the meeting. Dr. Bowen seconded. Motion approved by committee and meeting adjourned at 10:50 a.m.