5/10/16 budget meeting. Budget Committee met with Brian McGee

Minutes notes:

Reminder of the summer strategic plan through the BOT and legislature.

Budget process is in part based on the expected limits in tuition gains. New academic affairs budget requests are simply honoring commitments.

Good news of expected salary increases (new costs) and incoming class, potential increase funds towards overall budget through the legislature.

Discussion included preparations for 2.25M cuts to Academic affairs of the total 3.5 anticipated.

Academic affairs: looks like will cut 3-3.5 million recurring. Planning 2.25 million cut from academic affairs. (250,000 pushed from FY15/16). 500,000 contingency. 1.9 million identified could be cut. Still looking to get up to 2.25. Still discussions happening now and June.

BOT wkshp will not be specific for cuts of lines from Academic affairs. Discussion of additional revenue generation outlining graduate/certificate/new off-downtown campus programs or swell in population size downtown. Universal fee discussion at athletic fee (reduction shift to academic affairs) to E&G, staff there also must receive any state mandated increase. Debt service fee (shrink or flat) able to maintain bonds, cut into that halts additional small maintenance. New security fee also part of the universal.

**Decisions for 1.9 million identified + contingency.**

Summer school give back. 0.5 million. Differential effects on particular programs that built budget models based on the summer school funds.

Library.

Grant indirects (bridge to restore) based on the scenario that FY18 and future will be more balanced.

Operating budgets. If 6% then 200,000.

Positions. Visitors = Approved visiting searches with high enrollment demand, bc of enrollment demand. Only the vacant visiting positions are being considered for cut. But if visitors in place then keep.

Some roster faculty searches did go forward, and others have been parked and could be cut (due to enrollment patterns).

50-75 mix of loss (VAP and parked positions). Will share the list of parked and cut positions with committee.

Staff positions are also in play. There are few vacancies. 11 are planning to retire. Pot of money for reclassification of pay bands is now gone as part of cuts.
Adjunct budget challenge: there will be a 20K increase to replace each full time faculty whose line is not renewed

Program-specific fees will not be on the table this year. President prefers a 3.25% increase.

Admissions & enrollment news: Quality of our SC students increased, but out of state quality has lowered since last year. 79-84% retention, lower. Provisional students’ retention rate has improved.

5.12.16 Meeting with EVP for Business Affairs Steve Osborne. Members of 15-16 committee and 16-17 committee were present.

Steve distributed a 1 page exec summary of the new money and cuts in the draft budget. He went over the handouts and answered questions about how the budget is being drafted. Below are notes on topics discussed.

The enrollment reserve of 2M has to be replenished. There is an enrollment adjustment of 6.9 M. Our senior class with a higher percentage of nonresidents is graduating so our total percentage of NR will go down next year. Retention is down, transfers in are not as high as last year.

We do have more R students than before, but it takes 2.5 R students’ tuition to cover the tuition for every NR

Most of our payroll is funded by our own revenue. 80% of payroll is in this category. For this money, if the state requires a pay increase, we have to fund the increase. So each 1% pay increase is costing us 929K. We now dedicate everything we get from the state for salaries, so as to avoid further liability like this.

We can go off state contract for procurement if you can demonstrate a savings of 10%

In deciding where cuts would come from, we could’ve analyzed budget by division by salaries/personal services—but we are instead using a budget that includes operating as well as personal services.

Contractual and lease obligations and scholarships were removed before we made the calculation about what each division/unit owes (3 to 5% of that figure). To get the cuts, operating and vacant positions can be used, then we look at people who are now working here, starting with TERI’d people and temporaries

Doug F “The contraction of the budget doesn’t follow the way it has increased over time”

Steve: The additions over the last nine years match fairly closely to those allocations. Some schools fared better than others. SSM got some special appropriations. Otherwise growth has been pretty much the same across E & G

Athletics: This division gets a fee which supports 80+% of their budget. Fee is based on # of students. Their increases have been parallel to our tuition increases. They got an extra 10% for new travel expenses when we joined the CAA
Budget is 14.7m total, fee covers about 13 M of that. 5.1M are scholarships. 8M in personal services and operating. 20+ athletic teams, the payroll is 2.9M This year they took a 100K reduction because of enrollment drops. They’ll take at least 109 K reduction next year. They’ll be absorbing the indexing of their scholarships (169K) and their salary increase (110K).

College’s VOIP and PCI compliance will produce some new recurring costs

Harbor walk is being funded as nonrecurring now, it’s a 7 year lease.

BOT is talking about a 3-5 year projection plan and how we are going to change the financial model. Wants to know about revenue enhancements going forward.

Question: What’s the long-term plan? Can we limit students going into high cost programs? Should we grow our population?

Grow the traditional student body: 43 people per day adding to tri county area. Rather than send them to Clemson and USC we should try to serve them. Mt P and Nexxum could be satellite locations. Internat’l students: we currently have a relatively small population of these.

Nontraditional students: using north campus in BPS;

Expanding online courses, esp in grad programs.

Bridge program: w TTC and other 2year programs?

Question of housing—Irina Gigova asks if this can be addressed. Students may be leaving partly bc of housing costs

Answer: College is letting the private sector fill some of those needs, since we can’t afford the high investment costs now

Tom Ross: do we have plans to add residence halls.

Steve: Craig, College Lodge and Buist Rivers need the most work. We might think of moving those residence halls further off and using the space for academic space.

We’re on our 3rd RFP for parking, and are hoping to build a parking deck.

Harbor Walk is not for sale. We’ll probably be there longer than our 7 year lease. Probably will be used for swing space for simons center.

Doug Friedman: We’ve done a lot of outsourcing. Have we saved money? Steve: bookstore and foodservice def saves us money. Janitorial clearly saves money. We don’t have to pay fringes, service levels are good.

Has this been studied, where it doesn’t work? Steve says that IT outsourcing did not work for IT in the 1990s so it doesn’t always work.
We also discussed int’l study and the fact that students often go abroad in other programs, losing us their tuition revenue without paying a fee the way other schools charge.

School-based fees: Steve thinks it is a matter of time before these will be adopted, thinks there should be significant revenue going back to E&G for this.

Courtney: perhaps SSM should have an entrance exam for success in Biology

Another idea: Should our deposit for admissions be raised? If it’s too high you might run them off before they get here, if it’s too low then people don’t take it seriously.