5/22/2017

Budget Committee

Irina Ganaway, Scott Harris Todd McNerney, William Veal, Julia Eichelberger, Brian McGee, Pam Riggs-Gelasco, Karen Hakim-Butt

William gave an update and summary from the Board of Trustees Budget Committee meeting. Discussion on different items ensued.

BOT discussions just now in executive committee

Good freshman class coming (good numbers/quality), but deposits and commitments are low.

We have low numbers, late rush did not occur 275 students down. Why the numbers are down will be dealt with in future.

Pension Mandate: ORP not as affected, State Plan is a problem. Our version of the formula: we pay $924k/yr at 1% and the state will pay 1%....NEW RECURRING MONEY. This will be done for 5 years with the understanding that the state will offer and pay their share of 1% annually. This equals about $5M out of budget.

Required Spending: Insurance premiums, $214k/yr. because we are in the Coastal Zone.

Switch to the all-in model: Citadel tried to explain their model...how much they have to pay in total and this shows the lower percentage if all other fees or costs are taken into account. So, we have no room & board increases, so CofC will promote and discuss budget increases as an All-In model now.

How $550k loss in Academic Affairs (AA) will be distributed. Brian stated that 1-2% in operating costs would only amount to $100-200K. Thus, the main strategy going forward is to cut staff and faculty using lines that are vacant or not filled. Deans were asked to force rank their staff and faculty. (Can we get these lists?)

We may or may not get the State Appropriations Adjustment of $500k. Out of State abatement for USC is causing the rest of us to suffer greatly. (This also was a problem with the bond bill, which is $10M)

We need to market more..more competitive outlay for recruitment...still good news about CofC being great. We have to significantly improve our results.

E&G Ledger 1 is what we see. We do not see the Auxiliary page.

Budget will go up next year, despite cuts etc. in AA. Athletics are a different issue

Will carry $2M over to next year to get our coffers up.

(We employ an incremental budgeting model)
How are the 550k being actualized?

Faculty, Staff, or Operating Budget (OB)—will have to defund searches (faculty), lightly operating budgets (already so thin it is difficult to operate off them). If you take our OB, 1% generates $100k. A 2% cut across the division will make $200k. Brian has been doing some planning in advance with faculty and staff searches. There are currently enough vacancy positions, we can meet the budget cut. Even a good case to maintain the position, the position will get entirely or partially defunded. Deans have been asked to give Forced Rankings for positions. Some of the smaller schools did not have enough positions to make this decision, so the larger schools will take the brunt of the cuts. Accident of timing, large number of visiting positions coming open, enrollment declines through time, all factors. Brian has enough vacant positions, with bulk coming from those and scalpel on operating budgets. Brian should have Plan A done by FY (June 30). We did not hear about Plan B.

IF BOT denies our request due to bad price points (their perception) or budget does not cut enough, they will deny.

Adjuncts will likely get 1% only. We are lead performer in region on adjunct salaries.

Schools Fees: 40% to E&G, 60% to school

Lines open when retirement comes. Tarry plan...years...months...days are sometimes given.

What is important for figuring out where to place or remove positions: number of student credit hours generated...

Recruitment: Concerned with President’s mission, “Traditional Liberal Arts education at a Comprehensive University”...not the best marketing. Any data from Jimmie Foster about our distinctiveness? How do we emphasize that in our marketing? Brian: We don’t market ourselves much differently today then we did with Higdon administration? Message has not shifted much. We have never marketed as a Comprehensive.... USC and Clemson talk about Research Institution...we are not. Outreach to prospective students. We had 12,000 completed undergraduate applications....we were at 13% turn around this year, 17% last year. Short version: Market place changed, more Univ. serving/recruiting more students....Until about 2030, HS students will be getting poorer. Our wheelhouse is upper middle class, and these students are being pursued heavily by other institutions. Good News: our discount rate is very low. About ¾ nonresidents this year are going to pay published tuition.

Higher SAT and lower percentage admissions... 79%

Vision as to where this will take us: Is there now a 5-year plan?

We need to first deal with reality in front of us....

Last year get SATs up, percentage acceptance down, increase potential growth...Bridge is working on one o those little points. Quality and Cost have to be brought to improve perceptions of value. Over 5 years, we have to focus back into trying to be where we were a couple of decades ago.

Discount Rate to optimize revenues to get 2100 admits....not a precise number.
How does this committee move forward? What should we do as a committee? How do we have conversations?

Meet with Jimmie to share ideas about recruitment

Make sure we communicate to the faculty, our departments, what is happening and why.