

**Ohio University Faculty Senate
Extraordinary Meeting, Monday, April 11, 2011
Room 235, Margaret M. Walter Hall, 7:10 p.m.
Minutes Approved 5/16/11**

The meeting was called to order by Faculty Senate Chair Joe McLaughlin at 7:10 p.m.

In attendance:

College of Arts and Sciences: E. Ammarell, K. Brown, C. Elster, J. Gilliom, S. Gradin, S. Hays, K. Hicks, D. Ingram, C. Kalenkoski, S. Patterson for J. Lein, J. McLaughlin, R. Palmer, B. Quitslund, S. Wyatt

College of Business: L. Hoshower, B. Roach, T. Stock

College of Fine Arts: D. McDiarmid, M. Phillips, A. Reilly, E. Sayrs, D. Thomas

College of Health Sciences and Professions: D. Bolon, M. Bowen

College of Osteopathic Medicine: T. Heckman, J. Wolf

Group II: M. Sisson

Patton College of Education and Human Services: T. Franklin, A. Paulins

Regional Campus—Chillicothe:

Regional Campus—Eastern: J. Casebolt

Regional Campus—Lancaster:

Regional Campus—Southern: D. Marinski

Regional Campus—Zanesville: J. Farley, M. Nern

Russ College of Engineering: J. Dill, J. Giesey, D. Gulino for R. Pasic

Scripps College of Communication: B. Debatin, J. Lee, B. Bates for G. Newton, J. Slade

Excused: W. Roosenburg, B. Branham, H. Akbar, N. Kiersey

Absent: L. Rice, H. Burstein, M. Adeyanju, R. Knight, P. Munhall, S. Titsworth

Overview of the Meeting:

I. Budget Presentation—Pam Benoit, Executive Vice President & Provost; Steve Golding, VP for Finance & Administration; John Day, Associate Provost for Budget & Planning

II. Roll Call

III. Discussion of Possible Senate Response & Strategy

McLaughlin began by stating that he was pleased that the current budget proposal engages with and responds to issues raised by the Faculty Senate. He particularly thanked John Day for his willingness to answer questions and provide data throughout the budget process.

I. Budget Presentation—Pam Benoit, Executive Vice President & Provost; Steve Golding, VP for Finance & Administration; John Day, Associate Provost for Budget & Planning

EVPP Benoit discussed how the budget forecast has changed since May 2010, when all we knew was that Ohio was facing an \$8 billion shortfall, the gubernatorial campaign was underway, and Ohio University's last state share of instruction (SSI) payment of \$5.3 million had been deferred, perhaps indefinitely. By fall 2010, OU was preparing for a 10% reduction in SSI, although it was unclear how

this 10% would be calculated. The worst-case scenario was a loss of \$20-27 million in SSI. Combined with inflationary increases in health care and utilities, the budget shortfall was projected to be \$32.6 million, with approximately \$23.25 million in savings to come from non-personnel, personnel, and planning unit cuts. Planning units were working on scenarios that assumed 10% cuts.

But the 2012 state budget was more favorable than anticipated, due to conservative budgeting and several factors: 1) The deferred \$5.3M SSI payment from 2010 was made, helping offset the \$18 million cut in stimulus funding. 2) There is not likely to be a lapsed SSI payment this year. 3) Enrollment increases and growth in off-campus programs have increased revenue. 4) There was an additional 2.7% increase to base SSI funding (from consolidating line items).

The final impact was a 4.9% reduction in SSI, creating a loss of \$5,329,593 to the Athens budget. Combined with inflationary costs, cost-shifts to employees, and compensation increases, the total amount of cuts in the planning units is roughly \$9.64 million.

Projected Overall Reduction Target for Athens Campus		
4.9% reduction in State Share of Instruction	SSI	\$5,329,593
Anticipated Inflationary Increases	FY 2010 Fall Salary Increase	\$872,000
	Utilities	\$600,000
	Overall Budget Reduction Target	\$6,801,593
Enrollment Growth		\$1,359,115
RDP System Redesign		\$600,000
Adjusted Budget Reduction Target		\$4,842,478
Healthcare Premium Cost Share	\$1,740,000	
Parking Fee Cost Share	\$400,000	
Total Comp Salary Cost Share Offset		\$2,140,000
1.66% Salary Pool		\$2,657,502
Total Budget Gap		\$9,639,980
Planning Unit Savings		\$9,639,980
TOTAL		\$0

The new budget has three central components: 1) The budget includes a shift to employees of increased costs for health care, and for a new parking fee. This increase will be offset by a matching base salary increase. This will increase retirement contributions and base salaries for future raises. In addition, there is a 1.66% raise pool. 2) A shift in the funding model for off-campus graduate programs, including moving \$600,000 in subsidy back to Athens Campus, increasing college tuition share from 75% to 90%, and converting regional costs to a fee-for-service model. 3) Shifting athletic scholarships from the general fee back to the general fund, so that an increase in tuition will not automatically create an increase in the general fee.

Academic units will see an average cut of 4.47%; academic support units, 3.12% (excluding the library's .9% cut and advancement's 24% cut); and general fee units, 3.03%. These targets include estimates of savings through the buyouts (ERIP/VESP). Planning unit targets are available at http://www.ohio.edu/provost/upload/budget_targetsFY2012.pdf. Planning units may meet reduction targets using any reasonable strategies; those given in the documents are only suggestions.

The next steps in the budget process will involve additional meetings with planning unit heads to create budget reduction scenarios based on the new targets. These scenarios will be shared and discussed

with the university community in a second set of budget forums, tentatively scheduled for May 2nd and 4th.

Benoit said that OU remains committed to the budget strategies outlined in February (<http://www.ohio.edu/provost/budgetplanningEVPP.cfm>) and to the move to responsibility-centered management (RCM). In addition, the proposed 2012 budget has more flexibility than anticipated. This may allow for strategic reinvestments in support of institutional priorities, as well as to address pressing institutional facilities and infrastructure needs. Benoit closed by thanking the Deans, chairs and directors, planning unit heads, budget planning council, and the university community, and then opened the floor for questions.

Ken Hicks asked for more information about the lapsed SSI payments. Does this mean we will have a surplus? Does this year's budget gap of \$9.6 million include the lapsed payment? John Day responded that we received the lapsed SSI payment of \$5.3 million from FY2010 in FY2011. We assumed that there would also be a lapsed payment in FY2011, and that the lapsed payment was really a permanent reduction in SSI. But now we believe we will receive all payments for FY2011 in addition to the lapsed payment from FY 2010, creating a one-time "extra" payment of \$5.3 million for FY2011. This could be used to help cover ERIP costs, or other strategic investments. The base budget gap of \$9.6 million does NOT include this extra payment. **Bernhard Debatin** noted that while there is a one-time compensation increase to help cover the cost shift to employees for the parking fee and health care increases, these fees continue to increase. He asked whether base salaries would continue to be increased to match future health care cost shifts. Benoit responded that when increases occur in the future, we will continue to discuss this. There are several issues on the horizon, including SB5's provision that employees should pay more for their health care premiums. It is still unclear whether or not this applies to faculty. It is unclear what will happen with the referendum on SB5. But clearly health care costs will continue to increase, and right now we can assist employees with that increased cost. We do not know whether we can do that in the future.¹ Debatin added that it was good that the Provost's office was not prescribing how the cuts should be implemented in each planning unit. Benoit said that some cuts, such as cutting group I faculty, would not be acceptable, but there are a range of things that would be acceptable.

Debatin said that in previous discussions about responsibility-centered management (RCM), it was stated that units that have different disciplinary standards or pedagogical requirements (and higher associated costs) would be accommodated. But Friday's email about the budget stated that across Colleges, "the efficiency of instruction (as indicated by factors such as enrollment trends, credit hour production per Group 1 faculty member, etc.) [is] not uniform." That is the opposite of what we have been told; does everyone have to have uniform credit hour production? Benoit responded that Credit hour production does not have to be uniform, but that the state is saying to us that they will be giving us less money. So we need to figure out how to teach our students more efficiently. Part of that has to do with building new revenue streams, but some units will have to receive subsidies. **Debatin** responded that credit hours are not the only way to measure success; headcount is important, too. Increasing the number of credit hours generated is only possible in some areas. In other areas, quality will be affected. We have to understand what the benefits of OU are, and quality is one of them. Benoit agreed that quality is very important, but argued that increased class size does not always mean lower quality. She said you have to be careful about where you increase class size, and then monitor the results very carefully. She continued that student credit hours are what produce our SSI, so if we do not increase student credit hours, we have to generate revenue in other ways.

¹ The Faculty Handbook caps premiums at 10%; shifting premiums costs in accordance with SB5 would require changing the Handbook.

David Ingram asked what mechanisms are in place to make sure that there is no comingling of ICA scholarship money with other scholarship money—especially since ICA scholarships are mandatory—now that ICA scholarships are being moved to the general fund. Day responded that until last year, ICA scholarships were in the general fund. They were moved to the general fee this year; now they will be back in the general fund. Golding added that there are benchmarks on the number of ICA scholarships. He said that moving ICA scholarships to the general fund would reduce pressure to increase the general fee when tuition increases, and noted that ICA also has a goal of raising more financial aid raised to provide relief to pressures on the general fund. These scholarships will still fall under financial aid. **Ken Brown** asked how Kasich's cost-shifting proposal to require public employees to contribute 12% of their wages toward STRS (up from 10%), thereby reducing the amount that employers pay by 2 percentage points, would affect OU's budget. Benoit responded that they are watching that very carefully right now, and that there is still discussion about which employees would be impacted by that legislation. **James Casebolt** noted the proposed \$600,000 increase in take-backs from graduate programs on regional campuses, and asked what the incentive would be for regional campuses to offer graduate programs. Benoit said that the plan also builds in the cost for services, which can be negotiated with the colleges. That may make this program work. **Judith Lee** said that she has heard that the estimates of how many will take the ERIP/VESP are high, and that those who are taking it were planning on leaving anyway, so that we are not actually saving any money. Is this accurate? Benoit said that it is too early to tell how many will take the ERIP/VESP; retirement is a very personal decision. But there have been more than 90 inquiries so far by faculty, and we have already reached the number of people who normally retire. **Lee** then remarked that Senate Bill 5 (SB5) included a provision that ensured most faculty members could not belong to a union (at the urging of the Inter-University Council (IUC)), and asked whether OU's government relations head was involved in crafting this language. Benoit responded that OU's government relations person was not involved in crafting this bill. **Lee** then asked whether President McDavis was involved in crafting this provision of SB5, as part of IUC. Benoit said that you would have to ask the President. Benoit had no involvement with the crafting of SB5.

Mary Bowen asked whether we have a game plan as state support continues to dwindle. Benoit responded that Golding has been working on "six year sources and uses" document, an inventory of a variety of factors, including state support, revenue, grants, and contracts. Also, RCM will help rebase across the colleges over time and help us budget for multiple years. Golding added that it is also important to realize that while state support in gross dollars went down this year, state subsidy on a per student basis has been declining since 2003. **Bowen** responded that at some point, we can no longer grow because we would reach the point of diminishing returns, and asked where there are areas of growth for us? Golding said that fundraising is a significant area for growth. Deans have identified some programs where growth can continue. Regional campuses present an opportunity for growth that needs to be discussed. We need to figure out where and how to grow judiciously. Benoit added that this again raises the question of replacing state revenue streams so that we can preserve quality. **Joe Slade** said that faculty on the technology committee are concerned about technology being folded into Finance and Administration, while distance learning is essentially left untouched. There does not seem to be as much potential in distance learning for increased revenue as everyone thinks there is, especially since so many universities are competing in this arena. Benoit responded that IT was folded in with Finance and Administration to try to help protect it from cuts because we need to invest between \$.75 and \$1.3 million as Rufus comes online. There are IT infrastructure needs that must be met. In addition, 80% of the new revenue opportunities that Deans have identified involve online programs. We have great potential there that is untapped. While many universities are involved in online learning, this university, with OU's brand, has the potential to generate revenue. We have already done it very successfully.

Duane McDiarmid asked, given the mandate for ICA to raise more of its costs, where are development employees to raise these funds coming from. Is it a diversion of current advancement people? Or is it new people coming on board for ICA? Benoit said that it is not just ICA, but that all planning units are being asked to increase fundraising. ICA has two fundraisers, but whether they need more resources is under discussion, as it is for any other planning unit. Overall, advancement is hiring more people to help with the campaign.

McLaughlin reminded senators of the budget forum Tuesday, 4/12. Questions may also be emailed to McLaughlin, or through the Provost's web site.

II. Roll Call

A quorum was present.

III. Discussion of Possible Senate Response & Strategy

McLaughlin prefaced the discussion by emphasizing that we need to decide what the biggest priorities are for Faculty Senate in the upcoming budget discussions. Extensive discussion generated many topics.

Two issues were raised repeatedly:

1) The administration needs to make a clear and convincing case that support units and general fee units are less able to absorb more cuts than academic units, not simply by showing a history of percentage cuts in these areas, but by budget data in dollars and by transparency in sharing support unit and general fee unit budgets. The average cut to academics (4.47%) is larger than the average cut to support units (3.12%) and general fee units (3.03%). This relies on the assumption that academic units are better able to absorb cuts than the other units. Senators were skeptical of this assumption, and believed that academic units have been cut to the bone, and that quality has already been affected. It can also erode administrative credibility if faculty can identify areas where significant cuts can be made (e.g. ICA) in order to prioritize academics, but the budget assumes deeper cuts in these areas are off limits.

2) Refilling a significant proportion of lines vacated through the ERIP/VESP programs with tenure-track faculty is a high priority. After the ERIP/VESP, there is a commitment to refill 60% of faculty positions at 75% salary. But there is not yet a commitment to refill these positions with a certain proportion of Group I faculty. Determining where lines should be refilled should be a local decision as much as possible, and the process for making these allocations should be as transparent as possible. Because Group II/III/IV faculty are crucial to maintaining teaching quality in many areas, a university-wide discussion on the right balance between Group I and Group II/III/IV faculty is critical.

Other priorities discussed included the following (in no particular order):

- **A commitment to research, scholarship, and creative activity must be maintained**, despite the mounting pressure to revert to a "teaching" university. Revenue is generated not only through students, but also through grants and contracts. Higher teaching loads decrease revenue generated through grants and contracts.

- **Instructional quality must be preserved.** The budget includes "increased instructional efficiency" as an area where money can be saved. This ignores that we have gone through ten years of cuts to become more "efficient." Quality has already been affected. Areas of increased enrollment

should engender concomitant increases in resources for all academic units affected by the increased enrollments.

- **The proposed 1.66% merit raise pool must be distributed according to Faculty Handbook procedures**, not by *ad hoc* procedures generated outside the established departmental, school, and college evaluation processes.

- **We need to have a frank and data-driven discussion about the pros and cons of increasing tuition.** It is not clear that raising tuition always decreases enrollment. We could potentially solve about half of the budget deficit this year through a 3.5% tuition increase. We might be making cuts that hurt educational quality that may not need to be made. A compelling case would have to be made to the Board of Trustees to raise tuition. If tuition is raised, would this money be used to avoid cuts in academic areas, or only for strategic reinvestments?

- **The process for making strategic reinvestments needs to be transparent, and be developed through conversations across campus**, especially since the RCM model is not yet fully developed. Quality metrics and the values embedded in the RCM model must be developed with faculty. (One possible model is UPAC, where units could compete for grants for new projects and initiatives).

In many of these topics, broad issues of governance are at the forefront: the diluting of group I faculty by increasing the number of contingent faculty; discussions about RCM and the "tax" rate; and the push to reduce scholarship/research/creative activity and increase teaching loads. This includes Deans as well as faculty members. While all of the pressure that Faculty Senate brings is reflected in the current budget, we have to remain vigilant and maintain genuine shared governance at all levels.

IV. Adjournment

The meeting was adjourned at 9:24 p.m.