

Eastern Illinois University

The Keep

Minutes

Faculty Senate

5-4-2010

May 4, 2010

Faculty Senate

Follow this and additional works at: https://thekeep.eiu.edu/facsen_mins

Recommended Citation

Faculty Senate, "May 4, 2010" (2010). *Minutes*. 33.
https://thekeep.eiu.edu/facsen_mins/33

This Minutes is brought to you for free and open access by the Faculty Senate at The Keep. It has been accepted for inclusion in Minutes by an authorized administrator of The Keep. For more information, please contact tabruns@eiu.edu.

FACULTY SENATE MINUTES FOR 4 May 2010 (Vol. XXXVIII, No. 16)

The 2009 – 2010 Faculty Senate minutes and other information are available on the Web at <http://www.eiu.edu/~FacSen> The Faculty Senate agenda is posted weekly on the Web, at McAfee Gymnasium 1102, and on the third-level bulletin board in Booth Library. Note: These minutes are not a complete verbatim transcript of the Senate meeting.

I. Call to order by Chair John Pommier at 2:00pm. (Booth Library Conference Room)

Present: J. Best, J. Coit, A. Methven, F. Mullins, M. Mulvaney, R. Murray, K. Padmaraju, J. Pommier, A. Rosenstein, J. Russell, D. Viertel, A. White, M. Worthington. Excused: A. Brownson, M. Fero, D. Van Gunten. Absent: A. Boyd, S. Lambert
Guests:

II. Approval of the Minutes of 20 April

III. Announcements

IV. Communications

V. Old Business

A. Committee Reports

1. Executive Committee: no report
2. Nominations Committee: no report
3. Elections Committee: accept results of special election
4. Faculty—Student Relations Committee: no report
5. Faculty—Staff Relations Committee: no report
6. Awards Committee: no report
7. Faculty Forum Committee: no report
8. Other Reports
 - a. Provost's Report

Lord stated that the search for a new General Manager of WEIU has chosen several excellent candidates, who will visit EIU at the end of this month. Lord stated he is talking with Patti Poulter regarding the search for a new Honors Dean, and a choice will be made before we get to commencement. Lord asked for feedback on the 2010-11 academic calendar.

Lord also asked for feedback on behalf of Dean Lanham regarding the plaques next to the emeriti wall. The new version of the emeriti wall is almost completed. On the other wall were the plaques from other awards, such as the Distinguished Faculty Award. These plaques have been down since before work started on the new emeriti wall. Only one of the plaques has space for new names. Lanham wanted feedback from faculty regarding whether if the new plaques should match the new emeriti wall.

Lord presented Chair Pommier a plaque for his services as chair of Senate.

Senator Best asked what happens to those actual objects now that they've been taken down? Lord stated that in the absence of any discussion they would go to the archives.

- b. Budget Transparency Committee: no report
- c. Other

B. Other Old Business

VI. New Business

VPBA Bill Weber discussed the 2010 and 2011 budget.

Weber stated that for fiscal year 2010 it hasn't been a budget issue it's been a cash flow issue, appropriated moneys from state are trickling in. He stated that in January when it became clear that money from the state wouldn't come in a timely fashion, President Perry instituted a series of measures, including a hiring freeze, VP approval for equipment, and postponing or not doing reimbursements for travel. These measures vary by area.

On personnel side, hiring freezes take a while to have an effect; based on a back of the envelope calculations in January, the University received a little bit of savings from attrition (about \$500,000). In March the figure was roughly the same. Measures have been a bit more effective on operating expenses

and easier to compare, resulting in an additional \$500,000 of savings by January. When I reran the numbers at the end of March, there was significant further savings, just shy of \$800,000

For FY2010 there is \$21 million of state funding not yet received. Last Friday we got another \$800,000. November, December, and January payroll has not been reimbursed by the state. Weber said there is no \$21 million cut in my back pocket, there's no way to cut our way out of this situation. In response, the administration has slowed down cash flow and been relying on cash reserves. Between tuition, cash received, and appropriated dollars, EIU has enough cash to get through May and June and into July, but are still not to the point that we can say we can make it through the end of July and August.

Weber stated that the fiscal year ends at the end of June, but the state has a 2 month lapse period to close out their books. During that period EIU has significant faculty salary payments, due to 12 month contracts. To give you an idea of how far the state is behind, Weber stated he looked for the full schedule of vouchered payments, and vouchers are still outstanding for November, December, and January. EIU has received some reimbursements for February, don't ask me why. EIU has received most but not all of the federal stimulus they were allocated. The Comptroller's office's response been consistent, they say that Universities will receive their entire appropriation, but they don't know when. FY09 was the first year EIU did not receive its entire appropriation in the current fiscal year. This year it is a virtual certainty that EIU won't receive it's entire appropriation in the current fiscal year, and we have no idea when we will receive it. One idea Governor Quinn has floated is extending the lapse period to 6 months and that may be a hint of when the end of our FY10 appropriation will arrive.

Weber showed figures comparing tuition and fees for a three state region, comparing only public four year comprehensive masters institutions. EIU is the highest. Illinois universities charge more than Missouri institutions, and Missouri institutions charge more than Indiana. Weber stated that affordability is a issue of growing concern. One cost that distorts the figures is Eastern's TRS fee.

Weber stated that there are certain constraints for FY11 which, if they aren't absolutes, they are close to it. The Governor's recommendation was as we'd expected, his budget recommended keeping state contributions level with FY10 with the federal stimulus removed. The stimulus funds required a maintenance of effort, meaning the state had to promise not to cut below appropriations below FY06. The Governor's budget would mean a \$3.12 million cut, or about \$200k less than FY 2006. Weber stated he did not see that changing.

Weber noted there are several unfunded mandates hitting in FY11, which he estimated will cost an additional \$500,000: a new office for veterans, including a coordinator of veteran's services; tuition waivers for veterans (the state mandates the waivers, but does not reimburse institutions for them; the legislature has been told many times that we are leaving federal dollars on the table, because Illinois benefits are better than the federal benefits, and veterans typically don't even apply for the federal benefits, so EIU is spending more than we have to); 911 service; and the largest unfunded mandate is PA096-0795, SB51, which recentralizes to the state a lot of our procurement activities.

In Jan of 2009 a new ethics law took effect, requiring vendors who did more than \$50K business had to register with state Board of Elections. Weber stated that this sounds like a very innocent requirement, but he estimated that the requirement this year has cost us \$125,000 because some vendors did not register for some reason, so when we have put procurement items for bid, have sometimes had to toss out the lowest bidder because that business did not register with the state. What happens with new law is a whole lot of new hoops; vendors have to register with an additional state agency, the State Office of Human Services, and pay a fee. Our fear, and experience bears this out, is that our pool of vendors will shrink and raise our costs. In addition, the new law sets up a chief procurement officer who has full approval over every procurement in the state. It also establishes a state Procurement Officer at each university, and the university is partly responsible for paying the office. One change that concerns me on the construction side is that if you have a change order for something, the law now requires two weeks public notice and a public hearing, and would put the whole project to a halt for two weeks. Another fear is that as contractors bid on our projects they will factor this in, and costs will go up.

Another FY 2011 constraint is our utility costs, we have a transition period this year. Coal is no longer reliable in the old steam plant, we lost the old coal boilers this year again and had to switch to natural gas. Using the campus improvement fee we bought a new natural gas boiler, however, natural gas is more expensive than coal, and with water rates rising significantly, the University will probably spend an additional \$1 million on utilities.

It is uncertain whether there will be significant salary increases in FY 2011. The administration has a 1 year old contract with the Fraternal Order of Police, a new Teamsters' contract that starts this year, and

negotiations with the Painters, and then University Professionals of Illinois. EIU also has a couple of renovation projects to budget: Pemberton Hall, the new TRS facility, and then the old steam plant which has a lot of useable space. These should run something like \$850,000 to \$1 million. And because of concerns over affordability President Perry wants to provide additional financial aid of \$500,000.

Weber stated that, in addition to any salary increases, the University will need roughly \$6 million in additional revenue or savings for fiscal 2011.

Weber stated that tuition gets us quite a bit of the way there. Because of "Truth in Tuition" results in significant differences between the tuition rate paid by seniors and freshmen, if we maintain enrollment we get new money. My rough estimate of that is \$3 million. On top of that we have a tuition increase; it will be the smallest increase we've had in some time, because of concerns about pricing us out of the market. The increase will add another \$1.5 million.

With the planned reductions in personnel and the hiring freeze, the university will eventually see savings of \$1.1 million (this includes ITS restructuring, and reducing faculty FTEs by about 3%). Weber stated that he hopes this is done in a planned way, through attrition, so EIU can avoid layoffs. Weber also stated savings could come through CUPB's cost containment program. An idea implemented this month, electronic billing, will save about \$50k per year; if all employees turn off computers at night, the savings gets into 6 digits; if we do all the little things, such as turning off the lights, hopefully we can get another ¼ million. There are some limits to the savings generated by cost containment ideas.

Weber stated that possible reallocations that could close the budget gap include: \$250,000 from travel, although EIU is already not spending a lot in travel, cutting travel by 1/5 would generate \$250,000 in savings; another common suggestion is reducing printing and paper usage, if commodities were cut by 10% EIU would save \$250,000; if capital expenditures were cut by 3% that could generate an additional \$250,000. This would include two pieces, equipment purchases and library acquisitions.

Senator Methven asked Weber to repeat how much savings would be realized with a 3% cut in capital expenditures. Weber stated that a 3% cut of capital expenditures would give us \$250,000. Weber stated that these are broad brush numbers, and that the capital category is not just equipment we buy right now, it is also reserves we build for buying equipment. Cutting capital expense could mean simply not building up our reserves.

Methven asked Weber about the Legislature considering in extending the freeze mandated by "Truth in Tuition" for 6 years. Weber stated that the original bill freezes tuition rates for four years upon university entry and universities were left to create their own policies for enrollments past four years. Weber stated that EIU extended some tuition rate freezes past four years (for example, CEPS); our policy is if you start at 2004 rates, your fifth year would be at 2006 rates. The new bill requires public universities to advance tuition rates only one year for fifth and sixth years. There is other legislation related to this: a bill is being considered that would requiring veterans to use up federal benefits before state benefits; Rep. Chapin Rose and Sen. Dale Righter have sponsored legislation to look at impact of the procurement legislation on university costs. There is also legislation in the works to study the impact of unfunded mandates on the universities.

Senator Murray asked how the capital campaigns might fit into this budget picture. Weber stated that the administration's hope is that the capital campaign will be successful enough that they can help out. Foundation funds are restricted by donor wishes, and are placed in separate ledger in the budget, ledger 5. The next major capital project will be a new science building. It will be funded in part by an increase in the campus improvement fee, which will increased annually \$2.50 per credit hour until it reaches \$10 per credit hour in four years. Initially the funds will be reserved to address deferred maintenance in the Life Sciences and Physical Sciences buildings, a cost of roughly \$15-16 million.

Senator Viertel asked what would happen if the two months lapse period were increased to six months, and after that six months EIU still did not receive its full appropriation. Weber stated that his fear is that sometime in September or October we will get a note stating this is the end of the FY 10 endowment. The way we've been floating the state is by using tuition dollars and digging into cash reserves, and if the state reneges on any of this the cash reserves are gone. That's the worst scenario. The second worst scenario is that the appropriation trickles in and they finally get caught up after the FY10 lapse period. FY09 finished in September and it seems the delays are lengthening. If we got the money, the first priority would be to replenish cash reserves, and then, given the state will be behind FY11, EIU would have to float the state with tuition. The third scenario is, that by end of September or October, all of the money is dumped on us. Again the first priority would be to replenish cash reserves, and second, to reappropriate funds to areas that didn't spend funds in FY10.

Weber stated that if EIU can't make July payroll, there have been discussions about a backup plan. The backup plan for some months was short-term borrowing, using future receipts as collateral. There was some concern about whether that would effectively relieve the responsibility of the state. Weber said Southern Illinois University and Glenn Poshard have led the way on this one. While there was a legal opinion that Universities could just do it, it was decided to seek specific legislative approval. The bill sailed through the house the first time. Weber stated legislators did not understand what universities would use the money for. The current bill is being saddled with poison pill provisions and is dying pretty quickly. Probably won't get authority. Weber stated that in the unlikely event authority was granted, EIU has found institutions who are willing to lend the university money.

Recorder Coit asked if there is a second backup plan for summer payroll. Weber said the administration is getting close. We have been borrowing internally against tuition and cash reserves, and we could make the case to do some internal borrowing against other moneys, for example ledger 2 moneys generated by student fees, and various sales (Doudna, gift shop). Weber stated that it makes for some tough decision making, every three days is roughly a million dollars of payroll. President Perry has left it to the VPs to determine whether or not to borrow against purchases. Weber noted that there has been a \$3 million request for servers to run Banner, and for expanded wireless access in Coleman and Buzzard, to handle the load from programs that have adopted the laptop initiative.

Jeff Ashley asked if the state reneges on FY10 if they are on the hook to replay federal stimulus money. Weber stated Illinois could apply for a waiver to the maintenance of effort requirement for receiving stimulus money. Some applications have been submitted but he hasn't heard whether any waivers have been granted. The issue has been raised with Governor's office, but they haven't stated whether they will submit a waiver application, and Weber stated he not aware of any consequences specified for refusal to abide by the maintenance of effort requirements.

VII. Adjournment at 4:12, due to loss of quorum.

Future Agenda items:

Respectfully submitted,

Jonathan Coit
July 10, 2010