

**GOVERNORS STATE UNIVERSITY
BUDGET AND FINANCE COMMITTEE**

Minutes of the February 27, 2015 Meeting

Patrick Ormsby, Chair

CALL TO ORDER AND ROLL CALL

The Budget and Finance Committee of the Board of Trustees met on Friday, February 27, 2015 in Engbretson Hall at Governors State University. The meeting was called to order at 9:15 am by Committee Chair Patrick Ormsby. Also in attendance were Committee members Lorraine Tyson, Jack Beaupre and Jeremy Joyce. Trustees Brian Mitchell, Bruce Friefeld, Eileen Durkin and Anibal Taboas were also in attendance.

Others present: Elaine P. Maimon, President; Deborah E. Bordelon, Provost and Vice President for Academic Affairs; Alexis Kennedy, General Counsel; Karen Kissel, Vice President for Administration and Finance; Will Davis, Vice President for Development; Maureen Kelly, Director of Governmental and Community Relations; Aurelio Valente, Interim Vice President for Student Affairs; Rashidah J. Muhammad, Faculty Senate President; LaTonia Richmond, Civil Service Senate Vice President; Lisa Wallace, Student Senate President; Jeff Slovak, Deputy Vice President for Administration and Finance; Tracy Sullivan, Assistant Vice President for Procurement and Business Services; Melinda Gieseke, Controller; Colleen Sexton, Associate Provost; Ann Vendrely, Associate Provost; Reinhold Hill, Dean, College of Arts and Sciences; Ellen Foster Curtis, Dean, College of Business and Public Administration; Beth Cada, Dean, College of Health and Human Services; Lydia Morrow Ruetten, Dean, University Library; Susan Ji and Yonghong Jia, Faculty Senate Representatives; and David Dixon, Internal Auditor.

STUDY SESSION: FY16 BUDGET AND TUITION SCENARIOS

President Maimon explained that the Administration had intended to bring recommendations on tuition and fees for Academic Year 2015-2016 before the Board today; however those resolutions were pulled from the agenda following Governor Rauner's budget proposal speech. It is hoped recommendations will be brought before the Board at the May meeting. Alternatively a study session on tuition and fees based on the whole financial picture of the University will be presented. She reiterated that the University is trying to keep tuition low in order to attract the underserved student population, and because GSU is enrollment driven, to increase enrollment. Governor Rauner has proposed a 31.5% reduction in appropriations to all state public universities, which is a truly draconian proposal. This level of cuts will result in an unrecognizable higher education landscape in Illinois for decades to come.

Kissel and Slovak provided a Power Point presentation which outlined GSU's FY15 Operating Budget, the FY15 All Funds Budget, sources of revenue, anticipated expenses, and enrollment figures. It was clarified that the University only has management privileges of the Operating Budget; the All Funds Budget includes designated and restricted funds, such as federal funds that are not managed at the university level. Kissel and Slovak pointed out that the context for the proposed FY16 financial scenarios are driven by four primary variables, 1) the State of Illinois Appropriations; 2) The trajectory of student credit hour growth; 3) tuition rates for undergraduate and graduate students; and 4) elasticity, which is the change in enrollment in response to changes in tuition (price). The Power Point demonstrated how GSU would be affected by a 31.5% reduction in state appropriations, a 20% reduction, and a 10% reduction. All three scenarios were based on an increase in student credit hours of 7.5% based on the trajectories measured in fall 2014 and spring 2015. Slovak remarked that a 7.5% increase is a conservative projection based on considerable data.

Durkin noted that all the scenarios assumed expenses will be constant, and asked how that will be addressed. Slovak responded that expenses are not being addressed today, but they will be on the expense side of the ledger down the line. Maimon interjected that there isn't any fat to cut at GSU due to past efficiencies and reorganizations. Cuts in state appropriations of this extent, in which 45% of GSU's operating budget comes from the State, will be devastating. She added the University's finances are much closer to the community colleges' than to the other state public universities, stating that GSU is on record in support of no cuts to the community colleges. Maimon reiterated that a 10% cut is not even a good compromise and will put GSU close to financial exigency if not in it. Tyson asked if GSU has the highest appropriation percentage in the state. Maimon confirmed that GSU is more dependent on state appropriations than the longer established universities.

Taboas added two comments, 1) the presentation today focuses on a one-year budget impact, which doesn't address the sense of urgency in terms of addressing tuition costs as you would find with a five-year cycle; and 2) the presentation is just a reflection of revenue, not expenditures, which he believes would provide stronger tools for decision making. Ormsby commented that until there is a clearer picture from Springfield it may not be a good use of time to run through a number of scenarios that may not be appropriate. Tyson agreed, adding that today's presentation was very helpful. Ormsby thanked Kissel and Slovak, and stated it is obvious increasing student credit hours is an important piece of the picture.

INFORMATION ITEMS:

- 1. Report on Purchases \$50,000-\$99,999 – November 16, 2014 through February 13, 2015**

The report is in the Board Book. Kissel explained the two contracts listed. There were no questions.

2. Operational Budget vs. Actual Expenses Report as of December 31, 2014

The report is in the Board Book. Kissel explained that the University is spending at the same rate as last year. In addition some tightening of the belt has been instituted since Governor Rauner's budget address. She explained there currently is an \$8.4 million available fund balance. In FY14 the University carried forward approximately \$1.5 million in funds, and the goal is to do the same for FY15.

3. Classroom Renovation Project

Maimon explained the University was considering bringing in another modular building for additional classrooms; however a study performed by Facilities Development Management (FDM) under the direction of Kissel revealed space in C and D buildings that could be renovated for this purpose. This space previously housed offices that are now located in the remodeled E and F wings. She noted that as enrollment increases the need for classroom space increases, and GSU has very few classrooms that seat more than 30 students. However given the incredible uncertainty of state appropriations all units have been told not to sign contracts until there is more clarity on the budget. Ormsby commented this is a good plan that he hopes can be carried out in the near future.

4. Wired and Wireless Infrastructure Renovation Update

Kissel reported that at the October 10, 2014 Board of Trustees meeting, in Resolution 15-12, the Board of Trustees authorized Governors State University to award a contract or contracts to upgrade the University's wired and wireless infrastructure to the lowest responsible bidders in a total amount not to exceed \$2,500,000. The resolution also required the President to report the outcome of the contract award in writing to the Board of Trustees. As of February 13, 2015, GSU issued contracts to the following seven vendors and contractors: CDWG, Storcom, Steiner Electric, Cimarron Construction, TelePlus, Advanced Data Technologies and Graybar Electric in the total amount of \$2,408,523.70. The project is within budget and on track to realize the targeted project completion date of June 30, 2015. There were no questions.

ACTION ITEMS

Approval of Minutes – December 5, 2014

Ormsby requested a motion to accept the minutes of the December 5, 2014 Budget and Finance Committee meeting. Tyson made a motion. Joyce seconded. The motion was approved by unanimous voice vote.

Resolution 15—20: Approval of a Copier Fleet Operational Lease

Ormsby requested a motion to approve Resolution 15-20 for inclusion on the Consent Agenda. Tyson made a motion. Ormsby seconded. Kissel explained this is a routine matter as the previously lease is up at the end of FY15. The motion was approved by unanimous voice vote.

Maimon explained that Resolutions 15-21, 15-22 and 15-23, which consisted of tuition and fee recommendations, and construction of a new parking lot, were withdrawn due to the Governor's recent announcement of a proposed 31.5% cut in State appropriations to the Illinois public universities.

PUBLIC COMMENT

Charles Dieringer, community member

Mr. Dieringer made the following remarks: I notice in our presentation we didn't address the competing factor of the community colleges, which charge half of what GSU does. Obama is also talking about a K-16 free education. Maybe we can't compete in that sector. I think that is pretty well set and a requirement we need to compete in this world of technology and information. You are spending \$2 million on fixing the WiFi on campus but I can't get mine to work in this room. I do think we need to get more transparency here. GSU was established to serve the south suburbs and I think we are lacking there.

Katy Armstrong, community member

Ms. Armstrong made the following remarks: I agree with Chuck about GSU needing to better serve our region. I'm a GSU graduate. You're all thinking money. In this last year I was escorted from this university because I was collecting signatures for the Green Party. I was told that's the policy, and I think it should be reexamined. If you had allowed the Green Party on the ballot there would have been some attention paid to solve all the financial problems of our state. We could pay off our pensions. We could educate our young people well. I suggest to all that you look up Rich Whitney of the Green Party. He is solid and tested. GSU did not want that discussion to go forward.

Ormsby requested a motion to adjourn. Tyson made a motion. Mitchell seconded. The motion was approved by unanimous voice vote. The meeting of the Governors State University Budget and Finance Committee adjourned at 10:30 a.m.

Respectfully submitted,

Joan Johns Maloney