

**GOVERNORS STATE UNIVERSITY
BOARD OF TRUSTEES**

**BUDGET AND FINANCE COMMITTEE
Minutes of the May 8, 2015 meeting**

Patrick Ormsby, Chair

CALL TO ORDER AND ROLL CALL

Chair Ormsby called the meeting of the Budget and Finance Committee to order at 11:49 a.m. Committee members Lorraine Tyson, Jack Beaupre, and Jeremy Joyce were present, as well as Trustees Bruce Friefeld, Brian Mitchell and Anibal Taboas. Trustee Eileen Durkin was absent.

Others present: Elaine P. Maimon, President; Deborah E. Bordelon, Provost and Vice President for Academic Affairs; David Meadows, Executive Vice President and Treasurer; Alexis Kennedy, General Counsel; Karen Kissel, Vice President for Administration and Finance; Will Davis, Vice President for Development; Aurelio Valente, Vice President for Student Affairs; Maureen Kelly, Director of Governmental and Community Relations; Rashidah J. Muhammad, Faculty Senate President; Sheryl Jones-Harper, Civil Service Senate President; Mychael Vanarsdale, Student Senate President; Colleen Sexton, Associate Provost; Ann Vendrely, Associate Provost; Ellen Foster Curtis, Dean, College of Business and Public Administration; Beth Cada, Dean, College of Health and Human Services; Andrea Evans, Dean, College of Education; Lydia Morrow-Ruetten, Dean, University Library; Jeff Slovak, Deputy Vice President for Administration and Finance; Tracy Sullivan, Assistant Vice President for Procurement and Business Services; Susan Ji and Yonghong Jia, Faculty Senate Representatives; and David Dixon, Internal Auditor.

INFORMATION ITEMS

Report on Purchases \$50,000-\$99,999 - February 13, 2015 through April 1, 2015

There were none for this period.

Operational Budget vs. Actual Expenses Report as of March 31, 2015

Meadows reported the spreadsheet was in the Board Book. He explained that per his analysis the University is spending in accordance with its budget plan with three months left in this fiscal year. It should also be noted that last fiscal year the University carried forward approximately \$1.5M; however due to state appropriation decisions that occurred this fiscal year the University is looking at approximately \$500-750K in carry forward from FY15. The FY15 budget was approximately \$55M.

Annual Report on Depositories

Meadows explained this report is required annually per the Board Regulations and that it appears in the Board Book. He highlighted three institutions: General banking - First Midwest Bank; Bond Trustee - Amalgamated Bank of Chicago; and for deferred maintenance - the bond debt service. He explained that investment funds and excess cash are held in the Illinois Funds in Springfield, IL pending use for daily cash flow needs. Beaupre asked if the University is aware of any adverse impact as a result of its depositories with the Illinois Funds to which Meadows responded there is not at this time.

STUDY SESSION: Tuition and Fees

Maimon framed the study session. She stated the University always has a goal of keeping GSU as affordable as possible, and as previously noted models were developed looking for ways to keep tuition flat for FY16. Following the Governor's announcement of a possible 31.5% cut in state appropriations the Administration has run various financial models with various state appropriation levels. Because the environment is so uncertain it is a fact that the most reliable source of funding for public universities is tuition and fees. Additionally, reimbursement from the State has been delayed longer and longer each year so that expenditures and payroll are based on income from tuition and fees. Executive Vice President David Meadows will conduct the study session. It will include proposed recommendations for increases in tuition and fees at the same level recommended in February. The point here is that uncertainty is expensive. As planners, the University has an obligation to look for ways to stay the most affordable university in the state of Illinois at both the undergraduate and graduate levels, while at the same time bringing in the revenue needed for GSU to move forward. The other constraint the University is working under is that although many of GSU's students qualify for PELL and MAP awards, they are often the first in their families to attend college and therefore sticker shock must be taken into account or else there is a risk of driving students away.

Meadows provided a Power Point presentation which outlined recommendations for undergraduate and graduate tuition and fees. He pointed out the change from a term fee to a credit hour fee for three of the fee recommendations which would generate approximately \$650K in increased revenues. These revenues will support programs necessary for freshmen and graduate students, as well as the athletic program. The increased Parking and Walkway Fee will provide funds for increased maintenance and repairs throughout campus. The final slide provided a summary of the FY16 price effects of tuition and mandatory fee proposals, which assume 30 credit hours per year for undergraduate students and 24 credit hours per year for graduate students. Meadows added that these recommendations will keep GSU as the lowest or second lowest costly university among the Illinois publics.

Ormsby asked what the total additional cost per student would be with these recommendations. Meadows responded it would be \$860. Tyson asked Meadows to summarize the additional revenue from the proposed tuition increases and what assumptions were made from them. Meadows explained that revenue reflects three components, 1) new freshman class; 2) first sophomore class; and 3) an expected growth rate in student credit hours (SCH) and enrollment for upper division students. Tyson then asked what types of cost saving measures are being undertaken based on the possible budget cuts. Maimon responded that every year the University looks at ways to improve its operations, improve synergies, and cut costs. This year, the University is taking an even harder look. One example is closing the Naperville Center. The task of PBAC (Planning and Budget Advisory Council) this year was to look within colleges, across colleges, and across units for ways in which GSU can serve its mission, and do it more efficiently. The fact of the matter is that the budget issues being discussed in the State cannot be addressed solely by tuition increases because there is a point where tuition can go so high that it drives students away and therefore revenue is lost. She reiterated that everyone on campus is working hard on that side of the equation. Tyson thanked President Maimon and her administration for this fine modeling and careful consideration of tuition and fees.

ACTION ITEMS

Resolution 15-36: Approval of Tuition Rates for AY2015-2016

Ormsby entertained a motion to approve Resolution 15-36. Tyson made a motion. Beaupre seconded. The motion was approved by unanimous voice vote to bring Resolution 15-36 before the Full Board for a roll call vote.

Resolution 15-37: Approval of Student Fee Rates for AY2015-2016

Ormsby entertained a motion to approve Resolution 15-37. Beaupre made a motion. Mitchell seconded. The motion was approved by unanimous voice vote to bring Resolution 15-37 before the Full Board for a roll call vote.

Approval of Minutes – February 27, 2015

Ormsby entertained a motion to approve the minutes of the February 27, 2015 Budget and Finance Committee meeting. Joyce made a motion. Tyson seconded. The motion was approved by unanimous voice vote.

Resolution 15-38: Approval of FY16 Preliminary Operating Budget

Meadows reported the University is requesting approval of the FY16 Preliminary Operating Budget with an increase of approximately \$1.4M over FY15 consisting of \$1.2M in expected salary increases, a \$100K increase in utility costs, and \$100K for facility infrastructure needs. Ormsby asked if this action gives the Administration the authority to spend until the final budget

is approved in October. Meadows stated that is correct. Ormsby entertained a motion to approve Resolution 15-38. Tyson made a motion. Beaupre seconded. The motion was approved by unanimous voice vote for adoption and placement on the Consent Agenda.

Resolution 15-39: Approval of Ellucian 5-year Service and Maintenance Contract

Ormsby entertained a motion to approve Resolution 15-39. Mitchell made a motion. Beaupre seconded. Meadows explained the University is requesting authorization to enter into a renewal contract with Ellucian for its existing ERP system in an amount not to exceed \$1.4M over a 5-year period. This contract includes a renewal option which the University is seeking to engage through 2020. There were no questions. The motion was approved by unanimous voice vote for adoption and placement on the Consent Agenda.

Resolution 15-40: Award of Illinois Department of Children and Family Services (IDCFS) Sub-Awards

Ormsby entertained a motion to approve Resolution 15-40. Tyson made a motion. Joyce seconded. Meadows reported this is an annual contract with two vendors, Juvenile Protection Association (JPA) and Healthy Families Chicago. Both vendors provide training services to GSU employees child and family services, safety, and emotional security. Funding comes from the IDCFS agreement. It is a one-year contract not to exceed \$335K, beginning July 1, 2015. There were no questions. The motion was approved by unanimous voice vote for adoption and placement on the Consent Agenda.

Resolution 15-41: Approval of Siemens Industry, Inc. Contract Renewal

Ormsby entertained a motion to approve Resolution 15-41. Beaupre made a motion. Joyce seconded. Meadows explained this contract represents energy management services for the University. The contract began in 2009 with two 3-year renewal options, one in 2012, and now in 2015. He added that prior to the conclusion of this contract the University will have to issue another RFP (Request for Proposal). The motion was approved by unanimous voice vote for adoption and placement on the Consent Agenda.

Resolution 15-42: Award of Contract for Student Disability Services

Ormsby entertained a motion to approve Resolution 15-42. Mitchell made a motion. Joyce seconded. Meadows stated this action is seeking authorization to award a contract for vision and hearing services with the Lester & Rosalie Anixter Center of Chicago, IL in an amount not to exceed \$300K for a two-year period. Their services deal primarily with students with hearing disabilities which are offered through GSU's Office of Disability Services. Ormsby asked whether this is a blanket amount or if the University is billed for services as needed. Meadows responded that the University is charged as needed. Trustee Tyson asked to abstain from the vote because she knows someone on the Board of the Anixter Center. General Counsel Kennedy

requested a roll call vote. Committee members Ormsby, Beaupre and Joyce voted aye to bring Resolution 15-42 before the Full Board for a roll call vote.

Resolution 15-46: Award of Sole Source Contract to CBS Radio East, Inc.

Ormsby entertained a motion to approve Resolution 15-46. Joyce made a motion. Mitchell seconded. Meadows explained the University is seeking authorization to continue a contract with CBS Radio East, Inc. in an amount not to exceed \$300K over a two-year period. This contract will allow current advertising campaigns to continue on a variety of radio stations and internet markets within the region. He added that the University has been very happy with the performance of this vendor and seeks to renew this relationship for another two years. Taboas stated he was curious as to how much flexibility exists within this contract over an extended period of time given the University's uncertainty in terms of funding. Meadows responded that there is a great deal of flexibility within this contract as to the amount of services the University chooses to procure on a pay-as-you-go basis during the two year period. The motion was approved by unanimous voice vote for adoption and placement on the Consent Agenda.

PUBLIC COMMENT

Charles Dieringer, community member

Mr. Dieringer made the following comments: The acoustics in this room are phenomenal. Having lived in the South Suburbs for the past 40 years I have seen the deterioration of our community and the lack of jobs. I'm concerned about the maintenance contract going to Fairfax, VA. We need to consider the people of the South Suburbs. In my professional life I have always advocated to bid local. Was this bid issued locally? That is my concern. Our Governor has expressed concern about traveling out of state, but maybe he should add some directions about buying out of state. With regard to the disability services for students: To what extent is this done on other campuses? I don't understand the focus of that. Is this sign language?

Meadows responded that the University provides students with hearing impediments external support working with the students in the classroom so they can engage in the academic class.

Ormsby clarified that the maintenance of the ERP services are for computer services, not any maintenance on campus.

Alyse Zieman, community member

Ms. Zieman made the following comments: The disability services sound like they are geared towards vision and hearing disabilities. I think about access and other disabilities and wonder if those are being addressed. Does this contract cover other disabilities?

Bordelon responded that GSU has an Office of Disability Services that works with students with any form of disability to make sure proper accommodations are made.

Ormsby entertained a motion to adjourn. Tyson made a motion. Mitchell seconded. The motion was approved by unanimous voice vote and the meeting of the Budget and Finance Committee adjourned at 12:37 p.m.

Respectfully submitted,

Joan Johns Maloney