

WASHBURN UNIVERSITY BOARD OF REGENTS
Budget and Finance Committee Meeting
January 23, 2014

Regents Present: Pam Trusdale (committee chair), Paul Hoferer (committee member), John McGivern (committee member), Robba Moran (committee member), Jim Klausman, Blanche Parks, Bill Sneed, Larry Wolgast

The meeting was called to order at 10:05 a.m. by Pam Trusdale, chair.

1. Minutes of the September 18, 2013 meeting were approved as distributed.
2. Background material –

Vice President Anderson reviewed the background material with respect to enrollment, tuition, salary, and budget history information. He noted we have had up and down cycle trends throughout the last ten years. Fall 2013 student credit hours are down 3.6% and total headcount is down by 231 students from those of Fall 2012.

President Farley said we always budget conservatively, basing the budget estimates on prior year actual income. He noted we will be recruiting aggressively for Fall 2014 enrollment.

In answer to a query Vice President Pembroke discussed working to connect with high school students on the Concurrent Education Program (CEP). The CEP gives high school students the opportunity to take 30 hours of college credit classes while still in high school, therefore enabling them to complete college in three years.

Washburn tuition was compared with national and regional schools, as well as the Kansas Regents schools. The Washburn market position is below KSU and KU and slightly above WSU, as it has been for many years. Regent Moran said she would like to see us below KU, KSU and WSU since they are the three research institutions in the state.

Progress was made with faculty salaries last year due to the salary program, retirements, and turnover. Our increments were lower than the Regents schools for promotion and tenure salary increases. At some point we may need a special salary program focused on making the Associate Professor rank more competitive.

When asked how we let people know that Washburn hires the best and brightest faculty Vice President Anderson said we look at the total compensation package. He noted our health insurance is as good or better than most and our retirement program is more competitive across higher education in general. Vice President Pembroke added that he meets with every new faculty recruit and stresses to the recruits that Washburn is a place that values its faculty and community relationships. Regent Sourk said our cost of living certainly helps when comparing to the national average as well as our small class size,

focus on teaching, and community involvement. President Farley added that if we can't hire our first or second recruitment choice we usually start the process over. Vice President Anderson said we also participate in the annual CUPA survey to compare staff salaries by region. The survey shows Washburn to be in the 10% below market range.

Washburn dashboard financial ratios were reviewed based on standard benchmark ratios for our size institution. Even with the energy services debt Washburn has relatively high expendable net assets so we are fairly liquid. Vice President Anderson said priorities are determined to invest in infrastructure and improve the look and feel of campus. Throughout the years Washburn has been very disciplined in building back reserves to invest in the enterprise. Ratios are used to determine if we should use our own reserves or take on more debt to improve our infrastructure. President Farley noted that our stability results from the good job of tracking finance numbers done by Vice President Anderson, Rhonda Thornburgh, and Chris Leach.

3. Budget Planning –

Washburn has three forms of revenue: State support, local sales tax, and tuition and fees.

In answer to a query about endowment income Dr. Mazachek indicated that every year the Foundation makes available \$10-\$11 million in spendable funds. President Farley noted that our endowment of \$170 million is number 35 in the country on a per student basis and number one in the country for colleges of our size. Regent Moran said we need to use this information as a marketing tool.

Vice President Anderson said Washburn prides itself on its quality education, attention to individual students, and accessibility. Noting Washburn's excellent reputation Regent McGivern said he has no desire for Washburn to have the cheapest tuition rate. Regent Moran added that if Washburn tuition is higher we need to do a better job of marketing that excellent reputation. Regent McGivern said we should tout that Washburn graduates are getting better jobs.

President Farley said we will have to absorb the 1-1/2% cut from the State operating grant as well as the decline in enrollment. We will try to maintain as many course offerings as possible and, if at all possible, any position reductions will be handled through vacant positions. He said any ideas or suggestions for budget cuts will be up for discussion.

Emphasizing that we need to continue to get salaries closer to the market, Regent Sneed requested salary information on senior management positions compared with regional and national counterparts. He said he would like to know if last year's salary increase helped our market position and wondered if we are going to be able to hire people at the current market rate for executive and director level positions. He also asked to see Washburn athletic coaches' salaries compared with their Division II counterparts.

Vice President Anderson said the funding model for Washburn Institute of Technology is very different from the University. Funding is primarily from State aid. President Farley said we hope to take advantage of Senate Bill 155 to grow current programs. He noted Washburn Tech has done a great job of recruiting secondary students.

Washburn room and board rates are the lowest in the system.

When asked about the possibility of establishing a track and field team President Farley said we are one of a few schools in the conference who do not have track and field. The operating side is good but a substantial capital investment would be needed for the high travel expenses and additional locker rooms.

4. The next meeting will take place one to two weeks prior to the March 20 Regents meeting. Capital purchases will be discussed. Reports requests will be sent out as they become available.
5. Meeting was adjourned at 11:21 a.m.