

WASHBURN UNIVERSITY BOARD OF REGENTS
Budget/Finance Committee Meeting
March 20, 2009

Regents Present: Jim Roth, Chair, Christel Marquardt, Bob Storey, Jim Lagerberg, Blanche Parks

Staff Present: Jerry Farley, Wanda Hill, David Monical, Robin Bowen, Tom Ellis, David Monical, JuliAnn Mazachek, Chris Leach, Rhonda Thornburgh, Gene Wunder, Tom Prasch, Melodie Christal

Fiscal Year 2009 and Fiscal Year 2010 Budget Reduction Planning -

- Committee chair, Jim Roth, brought the meeting to order saying when the committee met last the governor wanted to reduce revenues by 7% and since then the legislature wants a larger reduction. He said it was important at this time for the committee to find out what options we have. President Farley said other variables have also come up since the November meeting and he wanted to have a general discussion about the options and things to consider. He noted we need to talk about the various possibilities and recognize that discussing them doesn't insinuate they are going to occur.
- Vice President Hill provided a power point presentation similar to the one recently used for the town hall meetings for Washburn and Kaw employees.
- President Farley said based on the governor's recommendations we have already cut 3% from the current year budget and 4% from FY 2010. He reviewed the graph showing State General Fund receipts and expenditures for years FY1993 through FY2010 showing receipts have not kept up with expenditures in the last few years.
- Vice President Hill said although losing part of the state operating grant is not good for us, the percentage of revenue Washburn get from the State is not nearly as high as the State Regents institutions so it does not affect us quite as severely. An enrollment decline of 8,000 credit hours was estimated for FY 2009. The total amount set aside for proposed cuts for FY 2009 and FY 2010 is roughly \$2.6 million. Most of the cuts will need to come from salaries since this is where the majority of our expenditures are. This money has already been set aside in a holding account.
- An additional 2.05% increase in the state operating grant reduction is currently being discussed in the House while an additional 5.7% reduction is being considered by the Senate for FY 2010. Additional budget reductions of just under \$1 million to \$1.4 million will be necessary depending on which option is passed by the legislature.
- Interest income will be reduced by \$550,000.
- Health Insurance claims escalated dramatically this year. This year we have paid out \$700,000 above the same four months last year. A potential 10% increase has been added to the budget. We will need approximately \$1 million to \$1.5 million for FY 2010. In answer to questions, President Farley said our health insurance has a stop-loss limit of \$100,000, and we have not restructured the program in the last six years. We have had eight or nine claims over the stop-loss limit this year as opposed to last year where we only had a couple of losses over the limit. He said the single plan insurance premium paid by Washburn is very comparable to what the City and the State pay.
- Next Tuesday is the deadline for participants to let us know if they want to be included in the Early Retirement Incentive Program. To date there are twelve confirmed participants. Five of the twelve positions may be replaced at lower salaries.
- President Farley said the town hall meetings were done to see how the campus felt about the budget reduction options we will need to consider. Employees were asked to send suggestions to the President. A high level task force will convene to go through each of the various options. Suggestions from faculty and staff included: fewer course options, courses offered less often, layoffs, salary reductions, furloughs, and reduced retirement contributions.
- Budget unknowns for FY 2010 include: sales tax collections, endowment income, tuition, and enrollment numbers. President Farley said indications look positive for fall enrollment. The Smoothing Fund will help mitigate lower sales tax collections. The bright spot is endowment income which should not decline significantly.
- The Kansas Board of Regents has not made a budget recommendation for Kaw at this time.

- President Farley said all government agencies will be required to make reductions. Matching federal funds makes the reductions more complicated.
- President Farley said what came across very clearly at the town hall meetings is salary reductions and furloughs are favored rather than laying off employees. He indicated the Budget Task Force will look at every possibility before steps are taken that affect students and employees.
- Recommendations for budget reductions will be brought back to the Finance Committee at a later date. A Finance Committee meeting will be held at the end of April or early May so the budget can be approved at the May Board of Regents meeting.
- Meeting was adjourned.