

WASHBURN UNIVERSITY BOARD OF REGENTS
Budget/Finance Committee Meeting
November 14, 2008

Regents Present: Jim Roth, Ben Blair, Mayor Bill Bunten, Maggie Warren, Blanche Parks, Bob Storey, Jim Lagerberg

Staff Present: Jerry Farley, Wanda Hill, Denise Ottinger, Robin Bowen, Tom Ellis, David Monical, JuliAnn Mazachek, Chris Leach, Rhonda Thornburgh, Gene Wunder, Tom Prasch, Joe Emmons

Minutes of the May 2, 2008 meeting were approved as distributed.

Fiscal Year 2009 and Fiscal Year 2010 Budget Reduction Planning -

- President Farley said last July the governor issued a letter to all State funded entities asking for a 2% reduction for the current year and an additional 5% reduction for fiscal year 2010. She later amended her recommendation to plan for a 3% reduction this year and a 4% reduction next year. He said we also had a 4,000 hour reduction in credit hours this fall. The spring credit hours are usually about 95% of fall credit hours. He said these numbers are too large not to address in the current year.
- President Farley said detailed budget reduction discussions have been held and will be on-going with the Vice Presidents, Executive Staff, and the Deans, with input from all departments.
- Adjustments will need to be made, keeping in mind students should see no change in the quality of education. Hopefully the only thing students will notice is fewer options in class times offered.
- Simple things to change will be turning down thermostats and implementing a hiring freeze. Some things, such as insurance, library expenses, and advertising, are impossible or not prudent to reduce.
- Reductions without layoffs present many challenges. There may be some reassigning of duties and departments may have less flexibility to hire temps and adjuncts.
- We will look at department enrollments to see what adjustments need to be made. Kaw Area Technical School and Washburn may be able to reduce costs by sharing some resources.
- We will continue to look at economies of scale and improved efficiencies.
- The legislature will convene in January and will legally reduce the appropriations. It would be prudent for the Board of Regents to take formal action to reduce the current budget. He said we can expect to have a late budget cycle this year.
- President Farley distributed talking points prepared by the Kansas Board of Regents for the proposed budget cuts. A letter outlining Washburn's proposed cuts will be sent to the Kansas Board of Regents next week.
- In answer to questions from Regent Warren and Mayor Bunten, Dr. Farley said the reduction would be a 3% reduction of the University's \$12 million in general fund State funding. The reduction in credit hours results in a \$1.6 million reduction in income.
- President Farley said the University started making reductions in August in anticipation of the reductions in the budget. When asked by Regent Lagerberg if the reductions being made are realistic President Farley indicated they are realistic and we have no choice but to make the reductions.
- When asked if the reductions could be made without any layoffs, the President said we will save money by not hiring new faculty or replacing those who leave. With enrollment being down additional faculty will not be needed so it should balance out.
- Regent Roth asked where additional cuts would come from if they became necessary. President Farley said 80% of our expenses are for personnel and benefits. These would need to be cut if more reductions are needed.
- Regent Lykens reported the State Budget Director will be talking to the Kansas Board of Regents next week. Many things the State Board intended to do this year will need to be put on hold.
- President Farley reviewed the proposed Fiscal Year 2009 budget cuts. He said no action is required at this point and we will continue to analyze and revise the proposed reductions.
- Regent Blair said he would rather see the student salary pool not cut. President Farley assured the Regents the student pool reduction is not a part of and would not affect the federal work study program.

- Mayor Bunten asked about agreements with other libraries and was told we currently have agreements with other universities and with the Topeka & Shawnee County Public Library. We will work on putting stronger agreements in place.
- Tom Ellis reported Spring semester preliminary enrollments are up.
- Mayor Bunten said he thinks the current economy is a natural adjustment and some hard decisions will need to be made. Regent Lykens said we need to find new answers rather than increasing tuition.
- President Farley said some institutions are looking at the economics of offering incentives for early retirement. He asked for the Regents thoughts on an early retirement program, indicating the idea had not been announced on campus yet since he wanted feedback from the Regents first.
- He said most incentives have several components:
 - A required number of years of service – normally 10 years,
 - Financial incentives – usually 50% of subsequent year's planned salary,
 - Health insurance – 3 years,
 - Meet age requirement – age 62 by June 30, 2009.
- Regent Storey said early retirements are highly regulated and asked if it will be hard to make changes later. Dr. Farley said the details have been reviewed by Ken Hackler and will meet federal legal requirements. He said this would be a one-time, limited offer rather than an on-going program.
- The President said there is no mandatory retirement age at Washburn and the early retirement offer would apply to all employees.
- A proposal will be sent to the Regents prior to a formal proposal being given to employees.
- Meeting was adjourned.