

WASHBURN UNIVERSITY BOARD OF REGENTS
Budget and Finance Committee Meeting
April 24, 2015

Regents Present: John McGivern (committee chair), Bill Sneed (committee member - via teleconference), Pam Trusdale (committee member), Robba Moran, Paul Hoferer, Blanche Parks, Jennifer Sourk, Brent Boles (via teleconference)

The meeting was called to order at 1:03 p.m. by John McGivern, chair.

1) Minutes of the March 12, 2015 meeting:

- Minutes were approved as submitted.

2) Background Information:

- Vice President Anderson discussed Table 5 of the Faculty Salary Analysis which compares average Washburn salaries with that of comparable institutions over the last fifteen years. At one point we were within 5% of the average but slipped to 11.4% below the average a year ago. He said Washburn is relatively balanced in terms of the mix of tenure and tenure track faculty. Regent Trusdale asked about the negative 5-year change in Associate Professor salaries shown in Table 1. Vice President Anderson said it was due to retirement and termination and noted that a significant number of retirements in one year can skew the numbers.
- In answer to Regent Hoferer's question about Law School salaries, President Farley said Law faculty salaries are excluded from the data since their numbers are much higher and would give an unrealistic view of the overall numbers.
- Mayor Wolgast asked where we stand with the competition. VP Anderson said salary is just one form of quantitative employee benefit noting that our health insurance is comparable to other institutions and our retirement program is better than most. President Farley noted that we are in a national marketplace so we need to maintain a degree of competitiveness. We do a thorough process of qualifying applicants. No one includes benefits in ads so we are a bit behind in our numbers. Associate VP Nancy Tate added we are competitive in entry level positions. VP Anderson said three years ago we improved our Assistant Professor salary level. He said hourly staff is solicited more at a local level.

Regent Moran arrived at 1:15 p.m.

- The enrollment summary was reviewed. There was a 3.6% decline in total enrollment from Fall 2014 compared to the previous fall.
- Regent McGivern asked what is being done to improve retention. VP Anderson said a number of initiatives have been put in place to improve retention including the First Year Experience. A new, less restrictive, probation policy will be reviewed by General Faculty next week. Current admittance and probation policies were also discussed.

- Table 5 of the Enrollment Report shows credit hours by department. Mayor Wolgast said he would like to see this information by major. The information will be provided.

Regent Sourk arrived at 1:30 p.m.

- Vice President Anderson reviewed the proposed tuition and fees compared to the Midwest and national averages, as well as the Kansas Regents schools. Washburn tuition increase over the ten-year period is \$1,049 less than the national average and is less than all of the Regents schools other than Fort Hays State. President Farley said that in the long run it is not a good thing for our students for us to be behind in tuition because we are not able to compete for the best faculty candidates. Regent Hoferer noted that Washburn is much more dependent on tuition than the Regents schools.
- President Farley said there is a proposal to freeze tuition at the KBOR schools.
- Mayor Wolgast asked about the true cost to educate a student at Washburn. VP Anderson said it varies between \$4,000 and \$6,000 per student.
- Payer Mix Analysis was discussed. The discount rate has gone from 7.2% in FY11 to 9.7% in FY15. This is still one of the lowest public institution discount rate in the country. Discount rates for public institutions vary widely, from 10-25%. It is something we need to monitor and be conscious of. Gift scholarships have risen from 8% to 9% through the good work of the Washburn University Foundation. Richard Liedtke said we need to convey a positive affordability message so students look at the total package amount. When asked by the Mayor if we have scholarships available for 4.0 students Dr. Liedtke said we have good resources but there is always a need for more scholarships
- Vice President Anderson reviewed the Six Year Economic and Budget Analysis noting that sales tax is slowly climbing but salaries are still not where we would like them to be.

3) FY 2015-2016 Operating Budget Assumptions:

- Compared to the Regent schools, only Fort Hays State has had a lower tuition rate increase than Washburn overall during the past five years.
- We always budget for next year based on the current year tuition which was down \$1,977,000. A tuition rate increase would provide \$375,000 income per 1% increase in tuition. A 5% increase would provide \$1.9 million in revenue.
- We are four times more reliant on tuition than the Regents schools. Washburn has had the discipline to adjust our budget based on the previous year. Most institutions make adjustments over several years.
- Washburn Tech is positioned at the bottom of the fee comparison with the other tech schools. A 1% tuition increase for post-secondary students would result in \$19,000 income.
- Regent McGivern asked if Washburn Tech's tuition could be raised without losing students. Dean Clark Coco said there is a faster rate of return at the Tech level so the exposure to debt becomes less. Students also appreciate the fact that they can rent tools for classes rather than having to purchase them upfront.

- When the committee meets in June a full budget will be presented.
- Cassandra White, WSGA President, asked to speak on behalf of students to ask for an increase in the student activity fee. The fee has not been raised since 2007 and WSGA feels they can no longer maintain funding at the current level. They are asking for an increase of \$12 for full time students and \$6 for part time students. Several Regents questioned why WSGA wasn't asking for a larger increase. Ms. White said they want to be purposeful in their approach and be able to keep up with the programs. They do not want to ask for funds they do not have a specific plan for. The goal at present is to get funding back on an even playing field. The Regents appreciated WSGA's conservative approach, congratulated Ms. White on her presentation, and suggested that each year the tuition is raised, there also be a minimal activity fee increase.

4) New Housing and Dining Bond Issue

- VP Anderson said if we were to close on the bonds today the interest rate would be 3.6%. We received proposals for a 20-year bank loan with a 5-year, 7-year, and 20-year lock. The administration recommends a direct bank loan with UMB Bank with a 10-year lock rate of 1.89%. Authorization to execute the documents will be needed before the full Board meets in June. Authority would consist of bond indebtedness not to exceed \$20 million and private placement debt not to exceed \$7.2 million.

Mayor Wolgast departed at 2:34 p.m.

- Regent Trusdale moved to recommend approval by the full Board of Regents to approve the selection of UMB Bank as the bank lender for the private placement portion and to give the President and Board Chair authority to approve financing for the housing and dining project with ratification at the June board meeting. It was seconded and the motion carried.

The meeting was adjourned at 2:37 p.m.