

WASHBURN UNIVERSITY BOARD OF REGENTS
Budget and Finance Committee Meeting
April 20, 2016

Regents Present: Paul Hoferer (committee chair), John McGivern (committee member), Jennifer Sourk (committee member) [via teleconference], Bill Sneed, Brent Boles, Mayor Larry Wolgast. The meeting was called to order by Paul Hoferer, chair.

- 1) Minutes of the November 5, 2015 meeting were approved as distributed.
- 2) Capital Projects and Equipment from the Debt Retirement and Construction Fund - Vice President Anderson reviewed the Capital Projects and Equipment, noting that Washburn has a more formal process than other universities. Each department submits a list of requests with approval filters passing through the area head, dean, and vice president levels. The 3 mill and sales tax funds are used to fund initiatives.

A new phone system is included in the projects to be approved. The current system at Washburn is 13 years old and the Washburn Tech system is 19 years old. Redundancy for outages at either campus will be included when the project is bid.

Regent Sneed arrived at 8:14 a.m.

Desktop computers are currently on a four to five year replacement cycle. In the future we need to be more strategic in replacing computer labs since most students now rely on their personal computers or laptops.

When asked about replacement weapons for University Police Vice President Anderson said we are the last undergrad campus in Kansas to get tasers. Best practices indicate a need for them on college campuses. Most institutions are moving toward standard police practices on their campuses.

Regent Sourk arrived via telephone at 8:17 a.m.

It was moved and seconded to approve recommending approval of the Capital Projects and Equipment to the full board. Motion carried.

- 3) Voluntary Retirement Incentive Program (VRIP) –
At a special Regents meeting on January 19, the Board approved moving forward with the VRIP plan. Of the 110 eligible employees 59 applied for the program and 54 signed agreements. Regent Sourk asked if the costs of replacing faculty were included in the estimated savings. President Farley said a number of faculty will be replaced and searches done, however, there will be savings in the vast majority of replacements. Projected salary and benefits savings of \$1,300,000 to \$1,400,000 is expected over the two fiscal years. Regent Hoferer said the benefits should extend beyond the two years, noting that it will only work if we are disciplined enough to reduce the cost structure. President Farley agreed, saying the revenue is down so the budget will have to be reduced. When Regent McGivern asked about the quality of replacement faculty President Farley said our

standards will remain high as always. Regent Hoferer noted that the Schools of Law and Nursing took a big hit on the number of retirees. President Farley said many of the large group of faculty members hired in the 1970's are now eligible for and taking advantage of the VRIP plan.

It was moved and seconded to approve recommending approval to proceed with the terms of the Voluntary Retirement Incentive Program. Motion carried.

4) Background Budget Information -

Vice President Anderson reviewed the background information. President Farley noted that it is disappointing that our faculty salaries at one point got within 5.4% of the national average and now we are lagging behind by 9.9%. The upcoming retirements will help to narrow the margin. Regent Wolgast noted that the numbers excluded School of Law salaries. President Farley said including Law salaries skews the numbers since they have a much higher range. Vice President Anderson added that medical campuses are also represented separately.

President Farley said the tuition shortfall is being addressed. Students are working more to pay for school and loans have actually gone down in the last few years. There is a very low unemployment rate in Topeka and students are taking longer to graduate. In answer to queries, President Farley said Highland is not a big impact on Washburn and that hours are down primarily due to students working more and therefore taking fewer hours. He said he reminds students every year that they need to take 15 hours every semester to graduate in four years. Vice President Anderson said the additional campus housing should have an impact and we should see an increase in more full-time students. He noted we still have the lowest percentage of students housed on campus compared to the other institutions in Kansas.

On-line classes were discussed. The majority of students taking our on-line classes are already Washburn students. On-line hours make up 15% of our credit hours. Most schools charge a premium for on-line classes but the trend is moving toward rates being closer to on-campus classes.

Regent Boles asked about the decline in Criminal Justice classes, noting he expected an increase due to the new KBI facility. President Farley said students may be leaning more towards the new Forensics program.

Payer Mix Analysis was reviewed. The discount rate is key and we are in much better shape compared to other schools. Vice President Anderson said all schools took a hit on summer school when the federal government quit giving Pell loans for summer.

The ten-year revenue trend has seen tuition and fees go from 49.5% of the budget to 57.6%.

In answer to Regent Wolgast's question as to why the University's financial ratios are in such good shape President Farley said we have a good cash position and even with \$27 million of debt we still are consistently disciplined in managing the balance sheet.

Vice President Anderson reviewed the Sightlines report, noting that in partnering with Sightlines we are reinvesting in the enterprise. Most at risk are our 25-50 year old buildings.

Washburn inspection scores are higher than most of our peers. Our energy consumption was decreased and we improved efficiency with the ESCO project. He noted that Westar has reclassified the University as a large user and we will be looking to some outside help to see how we can reduce our peak usage.

Regent Wolgast left at 9:44 a.m.

5) FY 2016-17 Budget Assumptions –

As of yet there is no reduction in state aid to Washburn for the current year and it is estimated to be flat or declining for FY17. Sales Tax will be flat. The new residence hall will require the addition of two police officers. Any salary program for FY17 will be decided after July 1st and will depend on fall enrollment. State appropriations for Washburn Tech are expected to be flat. Hard choices will need to be made to insure financial stability on a continuous basis.

Meeting was adjourned at 9:54 a.m.