

University of Idaho
FACULTY COUNCIL MINUTES

2004-2005 Meeting #4, Tuesday, September 14, 2004

Present: Bailey (Chair), Baillargeon, Beard, Bechinski, Exon, Greever, Gunter, Hammel, Houle, McGuire, McLaughlin, Pitcher (w/o vote), Reese, Rinker, Rosholt, Voxman (w/o vote), Woolston, Young, Zemetra

Absent: Cloud, McMurtry, Morgan, Reid

Observers: 5

Call to Order. A quorum being present, Faculty Council Chair Bailey called the meeting to order at 3:33 p.m. in the Brink Hall Faculty Lounge.

Minutes. The council accepted the minutes of meeting #3 of the 2004-2005 Faculty Council, held on September 7, as distributed.

Chair's Report. Chair Bailey reported that the Institutional Planning and Budget Committee had met with Brad Foltman of the state's Division of Financial Management. Foltman provided figures indicating that under the assumption that the 1% additional sales tax will sunset, the state's revenues and expenditures will not come into balance until 2008, at the earliest. Bailey also announced that the next meeting of the council will take place September 28.

Provost's Report. Provost Pitcher reminded the council that the Northwest Accreditation team will visit the campus, October 4th-6th. The university's self-study document has been completed and an evaluation team has been appointed. This 10-year comprehensive review involves all colleges and programs.

FC-05-001 Changes to Faculty-Staff Handbook Sections 3190, 3340 and 3440. Pat Sturko, Assistant Vice-president for Human Resources briefed the council on the proposed changes. The changes stem primarily from the need to be in compliance with Fair Labor Standard Act regulations. Some minor changes were also made in response to concerns of the Staff Affairs Committee. Most of the council's attention focused on the requirement that classified staff receive overtime compensation for secondary work assignments that are in addition to their primary ones. The proposed changes were approved unanimously.

FC-05-002 Proposed Changes to Regulation E-1 Grading System and E-1. After a brief discussion the council unanimously approved these changes which added the use of CR-Credit and NC-No Credit to the university's grading system. These grades would apply only in connection with professional development courses, where pass-fail grades would be inappropriate.

FC-05-003 Notice of Intent: College of Natural Resources. This Notice of Intent is to eliminate the options: Ecology, Management and Environmental Assessment from the B.S. program in Rangeland Ecology and Management. The 19 credits within each option area are to be replaced with 19 credits of advisor approved electives in specific emphasis areas. The council gave unanimous approval to the Notice of Intent.

President's "Faculty Conversations" Sessions. Chair Bailey announced that three conversation groups had already signed up to meet with President White, but that there was still ample opportunity for individuals to meet with him in a "mixed" group format. Bailey said that the President would like a council member to attend each of the conversation sessions. These councilors will help facilitate the sessions and then report back to the council. The following councilors will be facilitators: Bailey - September 29, Woolston - October 13, Reese - October 28, McLaughlin - November 10, and Zemetra - December 1.

Approval of the Final Examination Schedule for Fall/Spring 2005-2006. In noting the proposed Saturday, December 17, date for the start of the Fall final exams, councilors were concerned this would coincide with commencement. It was moved and seconded to table action on this matter until the next council meeting. The motion passed unanimously. *(Since the September 14 Council meeting, it was learned that commencement is scheduled for December 10.)*

Council Discussion with Jay Kenton, Vice-President for Finance and Administration. Vice-president Kenton thanked the Council members for the invitation to meet with them and said he would be glad to return at a later date to discuss further a variety of budget issues. Kenton began his remarks by saying the University and the University of Idaho Foundation are "joined at the hip" and need to be considered together in discussing financial issues. He said we are currently looking at a combined deficit and short-term debt of \$40,000,000 (university - \$15,000,000, Foundation, \$25,000,000). The university must also deal with a \$5,000,000 recurring budget deficit. Kenton then described the state budget situation. Sun setting the 1% temporary sales

tax increase will result in a loss of \$180,000,000 - \$200,000,000 in state revenues. A portion of this reduction may be made up by increased economic growth and one-time sources, but it is currently anticipated that there will be recurring deficits until 2009 when it is projected that growth will catch up with expenses.

Kenton noted that Idaho ranks 14th in the nation in terms of state appropriations per \$1,000 personal income and in terms of appropriations per student FTE, but in terms of tuition or fees we rank 37th. He said that the university needs to create a multi-year and multi-dimensional enrollment management plan that addresses tuition, fee waivers and overall enrollment, graduate vs. undergraduate enrollment, resident vs. non-resident enrollment, etc. Kenton questioned if the university was maximizing its return on the large number of scholarship and fee waivers that are currently offered. He noted that the difference between the potential return on fees that could be attained (without scholarships and waivers) and the net received is nearly \$20,000,000. He also said that presently we collect only 55% of the total expenses for student services, planning operations and maintenance and institutional support (the amount for which fees could be used). In determining an appropriate fee increase Kenton strongly emphasized the importance of working with the students and the SBOE. He suggested that the university might go to the SBOE with an initial request for an 8-10% fee increase; if, however, the legislature fails to provide sufficient funding for higher education, the university might then go back to the SBOE to request an additional increase.

Kenton suggested that the university look carefully at its current fee structure. He noted that students taking 18 credits pay the same as those taking 8 credits. He said that other institutions have narrowed this band of constant fees. Kenton stressed that in the future the budget process will be open and participatory. He said that it is necessary to examine university compensation plans in terms of both benefits and salaries. He hopes to have a new budget process in place by the end of the year but warned that it may take three to five years (or longer) to achieve a balanced budget and amortize all of deficits and short term debt.

Kenton said that the university had \$17,000,000 in unrestricted assets at the end of fiscal year 2002-2003 and that this amount had increased to \$34,000,000 (subject to audit adjustments) in 2003-04. The university's total expenditures are approximately \$340,000,000 and normally it should carry forward 5% – 15% of that amount. Thus, the university's financial position has improved and could lead some to conclude that there is not a financial problem at UI. However, the Foundation currently has a negative \$8,000,000 unrestricted net assets balance. Additionally, all of the carry forward balances are in the responsibilities centers while most of the deficits reside at the central university level, thus the institution has little choice but to claw back funds from the responsibility centers when confronted with unforeseen financial challenges.

Kenton expressed concern about the slight decrease this year in freshman enrollment. He pointed out that income generated by undergraduate enrollment customarily supports university graduate and research programs. He also expressed some doubts about the RCM model noting that revenue attribution works best during periods of growing funding Kenton plans to work closely with the Institutional Budget and Planning Committee to find ways to attain a better structural balance.

In response to a councilor's question whether the Foundation might declare bankruptcy limited to the unrestricted portion of their assets, Kenton said that such action would involve all assets. He emphasized that forcing the Foundation to go bankrupt would not be in the university's best interest. He noted that the level of giving has dropped from \$30,000,000 to \$16,000,000 this year and that it is especially during times like these that we need the support of Foundation members. He anticipates that the Foundation will play an ever increasing role in the future of the university. The university has contracted the Association of Governing Boards of Colleges and Universities (AGB) to perform a study of the Foundation by-laws and the operating agreements between it and the university. In Kenton's view it is essential that the Foundation be in control of its own activities and staff without undue interference from the university.

The Provost expanded on Kenton's remarks concerning Idaho's 14th rank in state appropriations per student/\$1,000 personal income. He noted that while the Idaho tax burden may be somewhat greater than that of other states, the funding problem for education is attributable in part to the relative low incomes of Idahoans. He emphasized the necessity of increasing the standard of living in Idaho thereby creating a larger tax base. Higher education can play a major role in the state's ability to attract more industry, create higher paying jobs, and keep university graduates in Idaho. A better educated populace will undoubtedly lead to a higher overall standard of living. On that note Chair Bailey called for a motion to adjourn. Bailey's request was enthusiastically carried out by Councilor Beard whose motion was seconded by Councilor Baillargeon. The meeting adjourned at 5:03 p.m.

Respectfully submitted,

Bill Voxman
Interim Secretary of the Faculty Council