

**Final Report of Budget Committee of the Faculty Senate
for the Academic Year 2000-2001**

**Submitted to the Faculty Senate
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Members of the Committee

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Final Report of Budget Committee of the Faculty Senate for the Academic Year 2000-2001

The Budget Committee of the Faculty Senate met seven times during the 2000 - 2001 academic year. The primary goal of the committee was to examine the 2000-2001 budget of Eastern Kentucky University. Each member of the committee was issued a copy of the budget summary while one member had complete copies of the budget for examination.

On November 17, all of the members of the Budget committee met with President Kustra, Provost Marsden, Vice Presidents Whitlock, Clark, Johnston, and Faculty Regent Thompson. The President reported on the university experiencing a decrease in revenue of \$1.1 M. This decrease was due to a drop in enrollment during the Fall 2000 semester.

Since the Funds Balance had no remaining funds, the remaining \$600K from the University's Contingency Fund was being applied to cover a part of this shortfall leaving the University with a remaining shortfall of \$500K. At this meeting it was stated that unfilled positions budgeted for line items would be frozen and that these funds would be applied towards eliminating the remaining shortfall. The President stated the importance of rebuilding the contingency fund back to a level of approximately \$1M.

On February 12, the Budget Committee met with Vice President Johnston to review an initial draft of the major items in the budget for 2001-2002. This included a review of revenue items from state appropriations, tuition and fees, as well as other sources. At that time Vice President Johnston was estimating an increase in revenues of approximately \$3.8 M over that of the 2000-2001 budget.

On expenditures, Vice President Johnston reviewed categories for earmarked fund expenditures, fund balance expenditures, estimated salary increases, benefits, department operating and travel, specific items, auxiliary recharges, capital renewal and maintenance, scholarships, and contingency fund. Vice President Johnston estimated an increase in total expenditures of \$9.1 M over that of the 2000-2001 budget. Part of this proposal would be \$4 M for the fund balance as well as increasing the contingency fund to \$1.5 M.

Members of the Budget Committee met on Wednesday February 21 and on Tuesday February 27 to review a list of suggestions that the committee was making to Vice President Johnston. The following are priorities that the committee strongly feels must be met by the University and were conveyed to VP Johnston:

1. An increase in existing scholarships for meeting increased tuition.
2. Support salary increases for general and library but delay implementation of the Buck Study recommendations.
3. Increase support of the Banner Implementation.
4. Increase support of faculty research grants.

In lieu of the short time frame needed for having the budget submitted to the Board of Regents (March 1, 2001), the Budget Committee suggested the following cuts of \$2,361,701 for the purpose of reducing expenditures. The dollar amounts relate to proposed (estimated) changes as specified by the Proposed Budget Worksheets of the February 12 meeting given to us by VP Johnston:

1. Cut the \$1,100,00 increase for restoring Educational Equipment Budget by holding off this commitment for one year.
2. Cut the \$300,000 increase for replacing Data Network Support by holding off this commitment for one year.
3. Review funding levels for the Teaching Excellence & Learning Center. We believe that more detail is needed for understanding the sources of funding as well as responsibilities of expenditures.
4. The increase in "Student Days" must be directly funded from application fees and no other sources.
5. Reduce the Buck Study recommendations by \$351,701 leaving \$100,000 for immediate changes.
6. Cut the \$160,000 for Convert Chairs to 11/9 and Five Year Terms since this was proposed as a step-down procedure with no funding being required.
7. For Enrollment & Retention, reduce the change by \$50,000.
8. Reduce the Contingency Fund by \$400,000 (from \$1.5 million to \$1.1 million).

Vice President Johnston did respond to our memo and reported the following revised estimates for the 2001-2002 budget. These figures are as of February 27, 2001 and are subject to change as well as subject to approval by the Board of Regents:

Revenues:	Total Changes Above the 2000-2001 Budget
State Appropriations	\$ 7,443,100
Tuition	966,370
Other Revenue	(395,000)
Fund Balance	(4,000,000)
Total Revenue Changes:	\$4,014,470
Expenditures:	
Fund Balance	(4,000,000)
Debt Service	897,400
Model Teaching Practices	900,000
Student Days	150,000
Student Organizations	60,000
Action Agenda	1,500,000
New Building Support	748,275
General Salary Increase (3%) & Related Benefits	2,100,00
Faculty Promotions	81,040
Equity Adjustments	242,000
Health Insurance	1,000,000
Utilities	(114,000)
Auxiliary Recharge Budgets	475,000
Scholarships	836,057
Contingency Fund	504,698
Base Budget Reallocations	(1,366,000)
Total Expenditure Changes:	\$4,014,470

In summary, the Budget Committee agrees that to ensure the ongoing fiscal health of ECU, priority must be placed on replenishing the University's Contingency Fund and reestablishing the Fund Balance in the coming budget years.

The Budget Committee welcomes the administration's efforts in opening the budget process to faculty participation. With Vice President for Financial Affairs Ken Johnston joining the University in the later part of 2000, the committee understands the unique circumstances in the timeline of the budget preparation process. This resulted in unavoidable constraints on the amount of time the Committee was given to meet, review, and respond to the budget. In turn, these constraints restricted the degree to which the Committee could then report to and receive input from the Faculty Senate at large.

The Committee looks forward to working actively with the administration to formalize the nature and the timing of the Committee's participation in the next budget process ensuring adequate opportunity for thoughtful review and response.

* Considers enrollment decrease.