**Planning and Finance Committee Minutes**

**March 2nd, 2016**

*Call to Order:* 5:37 P.M.

*Roll Call:*

Absent Committee Members: Alcorn, Beggs, Miller-Schuster, Soeldner, Joyce

*Discussion with Vice-President Alt:*

 The primary topic of our discussion was the growth of higher education administration,

specifically at ISU, and the increase of administrative costs, in the context of the Illinois

Senate Democrats Report.

 The context of the report makes it of questionable validity. Facts seem cherry-picked to

make higher-ed institutions appear to have reckless spending.

 We still have questions about administrative costs at ISU. The questions raised by the

report are big ones, and are worth asking. VP Alt expressed willingness to answer

questions he had answers for and take down more involved questions the committee may

have. He also reminded us to consider that collecting information to answer some of

these questions may take hours from administrative personnel and cost money.

 Many of our increased costs are due to the increasing complexity of higher-ed. Factors

like the expansion of advisory roles and the increasing necessity of IT were not part of

the higher-ed landscape in earlier years.

 Some expansion of administration has been necessary to comply with rules and

regulations put forth by the state.

 Pinning down administrative costs also depends on the definition of administrative

personnel. The report seems to implicate higher-level administrators with bloated

salaries but we have many more lower level positions that could also be considered

administrators.

 The narrative put forth by this report is that higher-ed does not need more money because

they will waste it on administrative costs. We need to arm ourselves with information

about what is driving up these costs, so that we have a coherent counter-argument to the

points in this report.

 Both the governor and the legislature are focusing on administrative costs. This is a

convenient story to tell, as it draws attention away from the fact that the state is

decreasing funding for higher-ed. In terms of defining administrative costs, we can

identify broad drivers. IT growth is reasonably easy to pinpoint. Compliance could be

estimated, but the sprawl of compliance costs makes coming to a figure difficult. Student Services has also expanded.

The fact that this report was leaked to the press before it was even released makes the

impression that it is designed to hurt higher-ed’s reputation even more acute. Due to

budget uncertainty, we have been striving to reduce administrative costs. We have

eliminated 77 non-instructional positions in an attempt to curtail administrative costs.

 Is it worth compiling the information to address these accusations from the state?

 It is always good to make a case against false accusations. The challenge is getting there

without a tremendous investment of time and money. Five to Ten years ago the state

undertook a massive effort to study the management of the state universities. The end

result was of little use due to different accounting practices and characteristics of each

university. Each institution has such different ways of doing things that one ends up

comparing apples to oranges.

 While student to administrator rations may be useful, they are difficult to compile due to

the difficulty establishing a definition for “administrators” that was discussed earlier.

 There is also an underlying assumption that we are able to attract higher quality people

for positions by offering higher compensation. While this does increase our costs, it also

increases the quality of our institution, and this is hard to convey in simple metrics.

 Similarly, institutional growth will be necessary to meet many of our goals, but growth

cannot be achieved without a subsequent increase in costs.

 We are working to reduce costs. We will continue to do this where we can without

impairing our services. Generally, the less administrative costs we have, the fewer

services we will be able to provide.

 Our first priority is to apply additional tuition revenue to offset costs. We do as much

administrative leave as possible. This is an attempt to divert the burden away from

instruction as much as possible. This does not mean we will be able to avoid cuts to

instruction forever, but we will do what we can. When a budget is finally established, we

have determined that we could sustain a 10% cut without affecting instruction. If the cut

was closer to 20%, that becomes more difficult to do.

 This can become a vicious cycle. Worse instruction decreases enrollment, which in turn

decreases revenue.

 This cycle is actually happening at some of our sister institutions, and is beginning to

show in their facilities. We have been fortunate in the amount of upkeep we have been

able to perform to our infrastructure.

 We determined it to be best not to issue a response to the report, but rather to be prepared

with key facts to dispel concerns through the Board of Trustees, Institutional Priorities

Report, and through individual actions.

*Passage of Minutes from February 17th.*

 We established that we would create a survey to determine which priorities from the old

report to keep and which new goals are the most important to each committee member.

*Adjournment*